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ABSTRACT

Policy recommendations regarding free tuition for the City University of New York (CUNY) as proposed by the Committee for Public Higher Education, (CPHE), and a research report by Richard Rothbard, are presented. Based on Rothbard's investigation, "The Cost of Tuition: A Study of the City University of New York," CPHE recommends the restoration of a free tuition policy for CUNY through the appropriation of $16 million to students to cover all tuition charges on full-time undergraduates that are not otherwise reimbursed through tuition-related financial aid (Pell grants or Tuition Assistance Program grants). The Rothbard research report includes a literature review of tuition and financing of higher education, a history of the university, a review of the financing of the university's budget over the past several years, cost analysis of student aid programs, and information on the study and its findings. The 1979-1980 academic year was selected as the test period, and it was determined that total tuition revenue was $93.8 million, which represented additional revenue of $82.7 million. Costs for financial aid and administrative expenses that did not exist prior to imposition of tuition were determined. For the $82.7 million in additional revenue generated, at least $99 million had to be expended, and the bulk of these costs were borne by the state and federal governments ($58 and $40 million, respectively). In 1979-1980, CUNY's expenditures outweighed its tuition revenues by $17.2 million, or $1.20 was spent for every $1 generated in tuition. The City reaped at least a $205 million windfall between 1976-1977, when tuition was implemented, and 1979-1980, because tuition revenue was used as a substitute for City aid. A bibliography and press releases about the findings are included. (SW)

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Report of the Committee for Public Higher Education, Inc., based on The Cost of Tuition:

A Study of The City University of New York

by Richard Rothbard

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Dedication

To Chancellor Robert J. Kibbee for his ten years of outstanding service to The City University of New York.

The Committee for Public Higher Education, Inc. (CPHE), is New York's largest non-profit coalition of alumni, civic, community, educational, labor, parent, and religious organizations dedicated to the enhancement of public colleges and universities. The CPHE engages in research and advocacy on higher education issues and concerns of interest to its membership.

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Report of the Committee for Public Higher Education, Inc., based on The Cost of Tuition:

A Study of The City University of New York

Richard Rothbard

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The report that follows consists of two sections: policy recommendations of the Committee for Public Higher Education, Inc. and the background and highlights of the study; and a full presentation of Mr. Rothbard's research, upon which this report is largely based.

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FOREWORD
Why this study?

In September of 1976, all full-time undergraduate college students attending The City University of New York received a bill for tuition--for the first time. The shuffling of payment requests, financial aid forms, and accounting ledgers marked the elimination of the one hundred and twenty-nine year-old tradition of "free tuition" at the City's public colleges.

For so many alumni, students, parents, educators and community leaders, free tuition has been a principle of the greatest importance and deepest meaning. Historically, for thousands of "working poor" Americans, free tuition opened the door to educational, social and economic mobility; a better future for the children of the people of New York City—"the whole people"--as President Horace Webster of the Free Academy asserted in 1847. For many generations of college students at City University, free tuition ensured that access to higher education would not be contingent on one's ability to pay a tuition "charge," and that academic success would be rewarded by access to higher levels of learning.

The abandonment of free tuition at CUNY occurred during a period in our nation's history when public higher education began facing difficult and challenging times. Nationwide, the use of student tuition payments as a substitute for tax-levy appropriations then and now is a hotly contested issue, especially in light of Federal budget reductions and increased competition for public money. At the same time, many cities and states with historic traditions of land grant colleges and community college systems continue to maintain a devotion to the principle of low cost and high quality public education, based on the recog-

nition that access to educational opportunity is a long-term investment in people that brings a full return and ought not to be shortchanged. Today, substantial opposition to Federal student financial aid cutbacks stems from concern over rising tuition levels and the subsequent impact upon hardpressed families.

Tuition -- and the elimination of free tuition -- is therefore an important issue with national implications, both as a method of financing higher education and as a measurement of societal priorities.

At City University, the original imposition of tuition and subsequent proposals for tuition increases have been opposed by educators, community groups, and the varied constituencies of higher education -- trustees, students, faculty, staff, and alumni. The Committee for Public Higher Education, Inc. (CPHE)* has persistently questioned the economics of tuition. Does tuition, as a system, place unnecessary burdens on taxpayers and students, due to the cost of administration, financial aid, and the processing of applications? Is tuition cost-effective, given the eligibility of most CUNY students for tuition assistance, as defined by State and Federal financial aid programs? Is it possible to identify that portion of student tuition payments not reimbursed through financial aid? If that total dollar amount is at a reasonable level, could consideration be given to the re-establishment of a tuition-free program through the subsidization of those costs, while leaving existing financial aid programs in place? Would a tuition-free system help in restoring to the City University its leadership role throughout the United States as a higher educational source for those who need it most?

The CPHE has determined that the answers to these questions, dependent on the true cost of tuition, have never been fully examined, documented and analyzed at any level of higher education decision-making in New York. The absence of any comprehensive analysis led the CPHE to undertake this study.

The CPHE commissioned Mr. Richard Rothbard, a Senior Budget Analyst at City University, to make the evaluation under the supervision of a Tuition Study Committee, consisting of nine community leaders and higher education experts: Mrs. Hadassah Gold, Past President, Hunter College Alumni Association and Chairperson of the Study Committee; Dr. Herbert Bienstock, former Commissioner of the Bureau of Labor Statistics of the United States, Regional Office in New York City; Dr. Cecil Forster, Chairperson, Education Committee of One Hundred Black Men, Inc.; Dr. Irving Ladimer, Director, American Arbitration Association Research Institute; Mr. Brian Kanzaki, former Legislative Director, City University Student Senate; Dr. Lawrence Podell, Professor, Baruch College; and Mr. Leonard J. Shine, former Chairperson, City University Student Senate. Stanley H. Lowell, Chairperson, and Mr. Jay Hershenson, Executive Director of CPHE served ex officio.

Mr. Rothbard researched the study as an approved master's thesis project for Baruch College's Department of Public Administration. His work involved over ten months of painstakingly detailed research, much of which required the generation of original data and fiscal comparisons relating to the financial aid and administrative costs of tuition on a University, City, State, and Federal level. The

CPHE is deeply indebted to him for an outstanding and thorough effort. The summary of findings and CPHE recommendations are based in large part upon his excellent research.

Special mention should be made of the Tuition Study Committee, which met on a regular basis to review the study design and results. We also acknowledge, with deep appreciation, the comments of Dr. Seymour Hyman, President of Paterson State College and Jerald I. Posman, Vice Chancellor for Budget and Finance, CUNY, who provided the CPHE with full access to the records of City University and the resources of its administrative staff.

The production, design, and publication of the study were made possible through the generous support of the Community Service Society, with the encouragement of Chairman Jack John Olivero and General Director Bertram Beck. We are especially grateful for the technical assistance provided by Frank Puig, Director, Department for the Community, and Community Information Specialist Jill Mendelson.

Finally, we dedicate this study to a greater understanding of the enormous value of the contribution of the tens of thousands of civic, business, government, professional, educational, and labor leaders who graduated from City University--with the hope that future generations shall receive the same opportunity to improve both themselves and their society.

For the Committee for
Public Higher Education

Stanley H. Lowell
Chairperson

HIGHLIGHTS OF THE REPORT

Task Is tuition cost-effective given the eligibility of most CUNY students for tuition assistance? What would be the cost of reinstituting a tuition-free program, while leaving in place existing financial aid programs?

Background 1979-80 was selected as the "test year" for this study of tuition revenue, financial aid costs, and administrative expenditures. Five distinct sectors were examined: students, CUNY, New York City, New York State, and the Federal Government.

1. For every $1.00 collected as a result of the imposition of tuition on full-time undergraduates, at least $1.20 was expended.

The finding is based upon a comparison of tuition revenue collected and an analysis of all financial aid awards attributable to tuition, and the cost of application processing and administration of the system.

2. An appropriation of $16 million to students at the senior and community colleges would cover all tuition charges on full-time undergraduates that are not otherwise reimbursed by the State Tuition Assistance Program (TAP) and the Federal Basic Education Opportunity Grant (BEOG) program.

The study has determined that "free tuition" could be re-established at a moderate cost by the identification of that portion of student tuition

payments not covered by TAP or BEOG, under the conditions of the test year.

3. The City of New York withdrew over $200 million from the City University's operating budget beginning in 1975-76 through 1979-80 (fiscal years).

If the City aid had been retained during this period, without including collective bargaining or annual inflation increases, the City would have expended $204.6 million in additional aid to CUNY.

4. The total tuition revenue for CUNY full-time undergraduates during the test year was $93.8 million. This represents $53.4 million from senior college full-time undergraduate tuition and $40.4 million from community college full-time undergraduate tuition.

Prior to 1975-76, a $55.00 per semester "general fee" was assessed from full-time undergraduates. When tuition was imposed, the general fee was included in the overall charge. The total tuition revenue for the test year was $93.8 million.

5. The total tuition revenue directly attributable to the imposition of a tuition policy was $82.7 million.

$11.1 million collected from the $55.00 per semester general fee would have continued to be collected if tuition were not imposed. $82.7 million represents the additional revenue resulting from the imposition of tuition.

6. The total TAP awards resulting from the imposition of tuition on full-time undergraduates totalled $57.5 million.

This total includes all State-financed TAP awards. The TAP program was designed to defray the tuition costs for eligible students and therefore is an expenditure directly resulting from the policy of tuition.

7. BEOG awards received by full-time undergraduates totalled $91.9 million.

Since BEOG awards are calculated on the basis of all costs that are part of attendance at college as well as family income, eligible full-time undergraduates received these grants prior to the imposition of tuition. $91.9 million was the total of all BEOG awards during the test year.

8. $33 million of the $91.9 million in BEOG awards was solely attributable to tuition.

BEOG awards are designed to defray the general costs of attending college, including books, transportation, living expenses, and tuition. Since tuition levels are one factor considered in the calculation of BEOG awards, the imposition of tuition caused an increase of $33 million.

9. The combination of $57.5 million in TAP awards and $33 million in BEOG awards solely attributable to the imposition of tuition totals $90.5 million -- which exceeds the revenue of $82.7 million generated from the tuition policy.

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Without including the administrative costs incurred as a result of tuition, the total expenditures at all levels of government for additional financial aid exceeded the revenue derived from tuition. The fact that most CUNY students are eligible for financial aid mitigates against the cost-effectiveness of tuition.

10. Prior to the imposition of tuition, full-time undergraduates applied for and received Guaranteed Student Loans (GSL) totalling $10.8 million. By 1979-80, $23.0 million was allocated for GSL loans to CUNY full-time undergraduates--more than double the pre-tuition level.

The GSL program is tuition-related and represents an indirect cost of tuition. The additional loans which occurred after the imposition of tuition totaled $12.2 million and required an interest subsidy of over $3.5 million from the Federal Government. Based on previous patterns of default rates, a total of at least $3.9 million in defaults is anticipated. Therefore, the total of interest subsidies and expected defaults in the test year was $7.4 million.

11. At least $1.5 million was expended by City University and the Higher Education Services Corporation (HESC) in additional administrative costs directly attributable to the impositon of tuition.

$850,000 was expended by City University in additional personnel workload costs for the initial review and documentation phase of financial aid applications. $600,000 was budgeted by the State to HESC for the processing of CUNY financial aid applications during 1975-76 alone.

RECOMMENDATIONS

To formulate appropriate recommendations to governmental officials, higher education decision-makers, and the public, the CPHE is proposing policy options based upon the findings of the "Cost of Tuition Study." These proposals reflect a fundamental commitment to the improvement of access to higher education, and a devotion to the following principles:

> Low cost public higher education is an invaluable investment, essential to the development of an educated citizenry, social equity and a healthy economy. On a long-term basis, the beneficiaries of public higher education return this investment many times over, through progressive taxes on their earnings and their contributions to society as productive citizens.
>
> Free tuition policies are vital to maximize public higher education opportunity, not only for those who might otherwise be denied the benefits of a college education, but also to enhance the ability of public university systems to attract a diverse, heterogeneous student population.

At City University, these two broad principles embody a special meaning. CUNY has historically served as the "port of entry" to higher education for tens of thousands of immigrants and migrants seeking a better life for their children in the commercial and cultural center of our nation.

The University's unique educational mission is reflected in the student population it currently serves:

Over 90% of all full-time students are eligible for some financial aid from State or Federal sources.

Over 82% of the student body comes from families with annual net taxable incomes of less than $12,000.

Almost 98% of the students in attendance are residents of New York City.

Approximately 40% are twenty-five years of age or older.

More than 50% of all resident students are employed; 57% at the senior colleges hold full-time or part-time jobs; 51% at the community colleges work full-time or part-time.

Minority students constituted 42% of CUNY's 1979 graduating class.

40% of all students have incomes below the nationally established poverty level.

Over one third of all undergraduates attend CUNY on a part-time basis.

(Source: City University of New York)

For the student attending City University, many difficulties exist. He or she is likely to be economically disadvantaged -- from poverty-stricken to the hard-pressed middle class—and must cope with double-digit inflation, job pressures, the high cost of living in the City, and, in many cases, family responsibility. Often, the

CUNY student is the first generation in a family to attend college and may be learning English as a second language.

These CPHE recommendations are presented with an awareness and understanding of the special needs and urban orientation of CUNY students, and should be considered within the context of the student population that the University serves:

I. A "FUND FOR THE REMITTANCE OF EDUCATIONAL EXPENSES" (FREE) SHOULD BE ESTABLISHED TO COVER THE TUITION PAYMENTS DIRECTLY PAID FOR BY CUNY STUDENTS THAT ARE NOT COVERED BY TAP OR BEOG AWARDS.

City University students may apply for tuition-related financial aid -- TAP awards from the State and BEOG (Pell) grants from the Federal Government. CUNY students are entitled to receive the same support as their student counterparts in colleges and universities throughout the State, and, in the case of Federal financial aid, throughout the nation. These programs help to fulfill State and national needs for an educated citizenry, and should be maintained and enhanced for that purpose.

However, the City of New York has historically fostered a unique tradition that goes beyond the minimal requirements for higher education opportunity, through the funding and creation of The City University in 1847 to meet the special needs of its residents. Nothing in the last 140 years has served New York City and America better than the generations who received their free college education at CUNY. Now that CUNY has received full recognition and reaffirmation of its mission

as a result of the City University Financing and Governance Act enacted by the State Legislature in 1979, the City of New York can further enhance access through a locally-sponsored higher education initiative. The establishment of a tuition-FREE policy at CUNY would restore the City to its prominent leadership position in public higher education and serve as a model for other great cities throughout the nation.

The "Cost of Tuition" study has concluded that an appropriation of $16 million to students at the senior and community colleges would cover all tuition charges on full-time undergraduates that are not otherwise reimbursed through tuition-related financial aid. Tuition-free attendance could thus be re-established at a moderate cost.

The tuition-FREE program would aid low income CUNY students who face difficulties as a result of the State's TAP structure and funding formulas. Under the present law even the poorest students who receive a full TAP award are subject to an automatic $200 award reduction after the fourth semester (two years) of college attendance. In addition, a maximum of eight semesters of TAP is allowed for students who enroll in four year programs, even though they may require five or more years (ten or more semesters) to complete their education. Even more regressive, part-time students are completely excluded from TAP.

(The TAP Enrichment Act of 1981 significantly improved the program, and included provisions which will provide vitally important relief to entering freshmen who are eligible for TAP but must comply with new regulations promulgated by the State Board of Regents governing tuition

assistance. Nevertheless, the legislation did not address the aforementioned inequities that affect lower income students. We recommend the City of New York fill this educational "gap" at moderate cost in behalf of its residents.)

Of major importance is the fact that middle and upper income students would also be assisted by the program -- those students who receive either sharply reduced grants or who are otherwise deemed ineligible for financial aid awards. The tuition-FREE policy would help the University attract a heterogenous student population, fulfilling the original mission of CUNY so well described at the time of the funding of the Free Academy (the original City College)--"the highest education to the children of the people, the whole people."

II. THE CITY OF NEW YORK SHOULD SUPPORT THE TUITION-FREE POLICY AT CITY UNIVERSITY AS AN ESSENTIAL SERVICE FOR ITS RESIDENTS.

Since the City saved over $200 million as a direct result of the imposition of tuition, and the State take-over of the financing of the senior colleges, less than 10% of that amount could be set aside annually to ensure full access to CUNY. This policy would be consistent with the stated goals of the Mayor to improve the quality of life in the City -- and a fulfillment of his public pledge in 1977 to seek the restoration of free tuition. CUNY should be considered as an essential City service, offering higher education opportunity to all City residents. Tuition charges are effectively "user taxes," placed on the higher education services of public colleges in the City. Public higher education must be

considered an essential City service, as are police, fire, sanitation, and primary and secondary school education. The imposition of user taxes for those services would not be permitted. The imposition of tuition charges for public higher education must be recognized as equally regressive.

III. THE STATE OF NEW YORK SHOULD MATCH THE CITY'S CONTRIBUTION IN ORDER TO FACILITATE THE ESTABLISHMENT OF THE TUITION-FREE POLICY.

A matching State contribution would reduce the cost to the City to $8 million, thus providing the tuition-FREE policy at a lower cost to the City taxpayer. Such an option could also be made available to other municipalities and counties throughout the State who value improved access to higher education. The State as a whole would benefit, as a greater number of taxpayers are provided with the higher education to earn higher salaries and thus contribute to the well-being of the State's economy, and their own lives.

IV. ON A LONG-TERM BASIS, THE STATE AND FEDERAL GOVERNMENT SHOULD SEEK TO LOWER TUITION LEVELS AT PUBLIC HIGHER EDUCATION INSTITUTION THROUGH THE LEGISLATIVE APPROPRIATION PROCESS.

The State and Federal Government should cooperatively endeavor to reduce tuition charges for public higher education. On a long-term basis, such restructuring of the financing of public higher education would provide the simplest and least bureaucratic method to ensure full access. The CPHE, working through the National Coalition for

Lower Tuition, will join with its colleagues in other states to identify new approaches that combine a commitment to the full funding of financial aid programs by legislative action to provide adequate funding for public higher education.

The Cost of Tuition:
A Study of The City University of New York

Richard Rothbard

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INTRODUCTION

"Mr. Mayor, I understand you have free tuition in your city university, and you're asking us to provide money for the city. We don't have free tuition in Lansing, Michigan. Why should the federal government provide free tuition for the students in New York City and not in other cities of the nation?"

- President Gerald R. Ford
to Mayor Abraham D. Beame
in the Oval Office, May 1975.[1]

It was the latest in a long line of "fiscal crises" and once again The City University of New York (CUNY) found itself the brunt of a combination of political and economic forces which left its budget decimated and its campuses reeling. But CUNY had been through these trials before and had always emerged whole, albeit shaken.

What was different about the Spring of 1976, one year after that Oval Office meeting, was the coalescing of these various forces and their role in bringing about an end to the University's 129-year-old tradition of free tuition.

So it was that on June 1, 1976 the then governing body of the University, the Board of Higher Education, voted to impose tuition on full-time undergraduate City resident students beginning with the fall, 1976 semester. At its next meeting on June 14, tuition was set at $775 for lower division students and $925 for upper division students, the same rates being levied at the State University.

Three years later, in June of 1979, confronted by severe cuts in the community college budget, the Board voted to equalize lower and upper division at the annual rate of $925. This tuition is currently in effect at both the community and senior colleges.

The Board of Trustees of the State University of New York last spring voted to increase full-time undergraduate tuition at SUNY by $150. It won't be long before CUNY begins to feel the pressure to follow suit.

In his address to Congress and the nation on the economy on February 18, 1981, President Ronald Reagan proposed reductions in federal student aid programs of $1 billion by 1982.

It is within this context that we undertook this study in an attempt to answer the question "What is the cost of tuition?" While there are many ways to ask this question - philosophically, socially, politically - we chose to ask it in one particular way - financially.

There has certainly been abundant discussion on the philosophical, social and political merits of the abandonment of free tuition. But when it comes to hard financial data on the impact of tuition over the past five years, there is an alarming lack of information available both within the University and without.

There are five distinct sectors that we are going to examine in this inquiry: students, CUNY, New York City, New York State and the federal government.

While there are many long-range effects that might be of interest, such as changes in the tax base,

welfare rolls, etc., they are beyond the scope of this study, whose immediate objective is to examine the short-term costs and benefits to our five sectors in actual dollars.

We will do this by selecting a test year, 1979-80, determining first the tuition generated and then the costs of generating that tuition. These costs occur in two basic areas: student financial aid and administrative overhead. Such costs, as well as any benefits, will be attributed to the appropriate group. Wherever possible, the data and analyses will be separated between senior and community colleges.

Our starting point is with the following hypotheses:

1) In terms of the overall picture, taking into account all funding sources, the imposition of tuition is a cost ineffective policy.

2) "Free tuition" could be reestablished at moderate cost.

Naturally this study, as any study, has its limitations. Time, personnel and the availability of data in a useful form all had an effect on the direction we have taken. To assure the best results we sharpened our scope and attempted, wherever possible, to address those items which were significant in size, and which were reliable and verifiable. We believe we have done so successfully and have produced a report which makes a valuable contribution in an area greatly in need of attention.

In the chapters that follow the reader will first encounter a summary of the major findings of the study, after which there is a short glossary of some

of the terms most frequently used in the study. The fourth chapter reviews some of the literature on the subject of tuition and financing of higher education and examines alternative funding models suggested in recent years.

Following that is a history of the University, the fiscal crisis and a summary of events leading up to the imposition of tuition. It is hoped that this will provide the reader with the proper perspective with which to evaluate the rest of the study.

Next is a review of the financing of the University's budget over the past several years.

After that, the actual data collection process and analysis is discussed. Those elements we have chosen to examine for our five sectors appear in these chapters.

The testing of our hypotheses follows in which we will see if the data analysis supports our original positions.

Finally, the study is summarized and suggestions are made for additional research in areas not covered or only skimmed in this report.

* Larry Van Dyne, "The New York Tragedy," The Chronicle of Higher Education, Vol XIII No. 2, September 13, 1976, p.1.

SUMMARY OF MAJOR FINDINGS

The following is a listing of the major findings of the study in the order in which they are discussed in the body of the document. Page references are given after each to aid the reader in locating the analysis which supports each finding.

1. From the imposition of tuition in 1975-76 to our test year of 1979-80, the City saved over $200 million on a support-per-FTE basis. (41)

2. Total tuition revenue is $93.8 million - $53.4 million for the senior colleges and $40.4 million for the community colleges. (47)

3. The amount of additional revenue generated over the pre-existing $110 annual fee is $82.7 million - $47.1 million for the senior colleges and $35.6 million for the community colleges. (49)

4. Out of a total of $91.9 million in BEOG awards in 1979-80, $33.0 million is attributable to tuition - $17.7 million for the senior colleges and $15.3 million for the community colleges. (60)

5. All $57.5 million in TAP payments is attributable to tuition - $31.6 million for the senior colleges and $25.8 million for the community colleges. (61)

6. CUNY billed HESC $251,340 to process 128,758 TAP applications. Only $230,000 was reimbursed. (61)

7. The New York State Legislature increased the HESC budget by $600,000 in 1976-77 to handle the load from CUNY. (61)

8. Not all tuition-attributable BEOG is spent on tuition. The amount spent on other costs was found to be $12 million. Since total BEOG attributable to tuition is $33 million, this leaves $21 million actually spent on tuition. (65)

9. In 1979-80, CUNY students had all but approximately $16 million in tuition covered by BEOG and TAP. Therefore all CUNY students could be 100% tuition subsidized for under $16 million. (65)

10. In the first four years of tuition, the number and dollar values of GSL loans more than doubled. (77)

11. If we assume that the increase in GSL's was due largely to tuition, then interest subsidies on additional loans taken in 1979-80 will amount to more than $3.5 million (assuming normal student progress). (78)

12. Loan defaults on the additional loans can be expected to be at least $3.9 million based on the 1978 cumulative default rate. (79)

13. The costs in financial aid personnel workload in the initial Form Review/ Documentation phase of applications resulting from tuition is $850,000. (89)

14. For every additional dollar generated in tuition, at least $1.20 was spent to get it. (95)

15. A 100% tuition subsidy for lower division students only would cost $11.2 million. (97)

GLOSSARY

Basic Educational Opportunity Grants (BEOG or Pell)

The BEOG program is the largest federal entitlement program for students attending postsecondary institutions. Scholastic accomplishment has no bearing on eligibility. The applicant must be enrolled as an undergraduate student at least on a half-time basis in an approved postsecondary institution which is itself eligible under law to participate in the Basic Grant program, and must need financial assistance to continue his or her education.

Financial need is determined by a formula applied to all applicants. It was developed by the U.S. Office of Education and is reviewed annually by Congress. The student eligibility index is calculated by this formula.

BEOG awards are usually paid for up to four years of study. If the student is enrolled in a program which requires five years of study for a first degree, or if he or she is required to complete non-credit remedial courses to prepare for degree-credit enrollment, a fifth year award may be paid.

Awards range from $200 to $1800 but may not exceed one half of the total cost of attendance as defined by the Basic Grant Program. The amount of the award is affected by costs of attendance at a college and full - or part-time enrollment status. The BEOG award is not intended to be duplicative of State awards.

The student must continue to make satisfactory academic progress in the program in which he or she is enrolled to maintain eligibility. The student must

not owe any refunds on BEOG or other awards paid, or be in default on repayment of any student loan. Before receiving payment, the student must sign an affidavit that all money received will be used for the costs of attendance only.

Applications are processed by a private contractor. A calculated Student Eligibility Report (SER) is sent to the applicant. Based on the SER, the applicant's award is determined by the postsecondary institution attended. Upon enrollment, funds are paid directly to the applicant or credited to his or her institutional account.

Bundy Aid State aid to private colleges and universities which provides funds on a fixed award-per-degrees-granted basis. Given for both undergraduate and graduate degrees ($68 million in 1979-80).

College Work Study Program (CWS) One of the three federal campus-based programs. CWS enables a qualified student to pursue a degree while holding a part-time job. The employment may be located on or off campus, and may take place during the academic year (including vacation periods) and/or during the summer months.

The student is permitted to work part-time when classes are in session and full-time when classes are not in session.

Eligibility for this program is based on the financial status of the student and/or his/her family. Preference is given to students from low income families. The program is funded 80% by the federal government and 20% by the institution.

CUNY Student Aid Form (CSAF) Filed by students applying for NDSL, SEOG, CWS, SEEK, CD, Nursing Scholarships and Nursing Loans.

Fees Additional charges beyond tuition including registration fees, student activity fees, etc., which vary by college.

Full-Time Equivalent Student (FTE) A measure used for budgetary purposes which divides the total number of credit hours generated by all students in credit bearing courses (full - and part-time) in an academic year by 30.

Guaranteed Student Loan Program (GSL) Under the GSL program an undergraduate may borrow up to $2500 per class year, up to a total of $7500 from a participating New York State lending institution in his or her area of permanent residence.

Students are eligible for full interest subsidy during the time they are in school, and for a nine-month grace period before repayment begins. An insurance premium of 1/2 of 1% of the loan amount is payable in full at the time the check is issued.

To be eligible for a guaranteed loan a student must be: (1) a U.S. citizen or permanent resident alien; and (2) enrolled in or admitted as a matriculated, or at least half-time student at an approved college, university or other postsecondary institution in any of the United States or in a foreign country.

The loan is guaranteed by the federal government but the program, like TAP, is administered through

HESC. Applications are filed with the post-secondary institution which then forwards it to HESC and the lending institution. When the loan is approved, a promissory note is signed by the student.

A student may borrow at a relatively low interest rate (7 percent) with no repayment as long as he or she remains enrolled at least half-time, and for nine months after he or she ceases to be at least a half-time student. Payment of principal may further be deferred during study under a graduate fellowship approved by the U.S. Commissioner of Education, during up to three years of active U.S. armed forces service, during up to three years as a full-time Peace Corps or Domestic Service volunteer, or during up to 12 months of unsuccessful search for full-time employment.

The minimum monthly payment on the loan is $30 plus interest, the maximum repayment period is 10 years, the maximum period of the loan from date of the original note may not exceed 15 years, and repayment in whole or in part may be made at any time without penalty.

Headcount Student An actual student who registers in credit-bearing courses. A full-time headcount student has registered for 12 or more credits in the semester.

Higher Education Services Corporation (HESC) A State agency established by the New York State Legislature in 1974 to administer the TAP, GSL, Regents Scholarship and other programs of the State.

Middle Income Student Assistance Act (MISAA) Passed in 1978 by Congress, it extended the benefits of the BEOG and GSL programs to middle income families.

National Direct Student Loan Program (NDSL) One of the three federal campus-based programs. Loans are available to students enrolled at least half-time in approved postsecondary institutions eligible under law to participate in the NDSL program. Students must demonstrate need.

Students who have completed less than two years of study toward a bachelor's degree or who are enrolled in a vocational program may borrow up to $2500. Students who have completed two years toward a bachelor's degree may borrow up to $5000 (to include any amount borrowed through an NDSL for the first two years of study). The current interest rate, payable during the repayment period, is 3 percent of the unpaid principal. Repayment begins 9 months after graduation or leaving school and may extend up to 10 years. Payment is not required for up to three years of active military service, or service in the Peace Corps, VISTA or similar national programs. Application is made through the institution where the student is in attendance.

Packaging The process by which financial aid officers bring together various sources of aid toward meeting the student's need.

Student Financial Aid System (SFA) A system within the CUNY accounting office responsible for BEOG and other federal program check disbursements and maintaining records on these and several other programs.

Supplemental Educational Opportunity Grants (SEOG) One of the three federal campus-based programs. SEOG's are available to exceptionally needy students as provided under the Higher Education Act of 1965.

To qualify a student must: (1) be enrolled or accepted for enrollment in a degree program on at least a half-time basis; (2) make satisfactory academic progress; and (3) be in exceptional financial need (that is, must show that he/she would not, except for a Supplemental Educational Opportunity Grant, be financially able to pursue a course of study at a college). SEOG's range from $200 to $1500 annually. The grant must be matched by a scholarship, a SEEK or College Discovery stipend, a federal loan or work-study assignment, a BEOG or a TAP award.

Normally, an award may be paid for up to four years, or for five years for certain courses of study. However, the total amount that may be awarded is $4000 for a four-year course of study, $5000 for a five-year course of study.

Tuition Assistance Program (TAP)

An entitlement program operated by New York State, through the Higher Education Services Corporation (HESC). There is neither a qualifying examination nor a limitation on the number of awards. Applicants must: (1) be New York State residents and U.S. citizens or permanent resident aliens; (2) be enrolled full-time and matriculated at an approved New York State postsecondary institution; (3) have, if dependent, a family net taxable income below $20,001, or if independent and single with no tax dependents, a net taxable income below $5,667, (4) be charged a tuition of at least $200 per year. Any applicant who is in default in the repayment of a student loan is excluded from eligibility for this program.

HESC determines the applicant's eligibility and an award certificate indicating the amount of the grant is sent directly to the applicant. The applicant presents the institutional copy of the certificate at the time of payment of tuition. The postsecondary institution may defer payment on the basis of receipt of the award certificate.

All applications are processed through CUNY's University Application Processing Center (UAPC), which certifies the students to HESC. Undergraduate students may generally receive TAP awards for eight semesters of study. Students enrolled in approved five-year programs, or in an opportunity program, such as SEEK, may receive awards for ten semesters.

The amount of the TAP award is scaled according to level of study (there is an automatic reduction of $200 in the award after the fourth payment), tuition

charge and net taxable income. The income measure is the family's (or dependent student's) net taxable income from the preceding tax year, plus certain non-taxable income, and (from dependent students) support from divorced or separated parents. This income is further adjusted to reflect other family members enrolled full-time in postsecondary study. (The TAP Enrichment Legislation enacted in July of 1981 increased benefits and expanded eligibility for new and first-time TAP recipients. The definition of TAP cited in the study is based on 1979-80 rates.)

Tuition That charge levied on all students in all colleges of CUNY to support instructional costs, which varies by status and residency. Currently, tuition for full-time undergraduates is $925 annually.

University Application Processing Center (UAPC) Administrative unit of the City University responsible for processing TAP and CSAF applications and budgeting certain other student aid, as well as for the processing of all applications for University admission.

[1] Note: Rates reflect 1979-80 conditions.

TUITION AND FINANCING OF HIGHER EDUCATION

Faced with runaway inflation and skyrocketing energy costs, American colleges and universities raised undergraduate tuition in 1980-81 by a record 12 percent. 1/

Although 1980-1981 was the first year that double digit tuition increases occurred in a significant number of colleges and universities, it was not the first year of hefty increases. However, the 12 percent increase in 1980-81 led the National Center on Education Statistics to note that this may mark the beginning of an era, "in which higher education is seriously threatened by both demographic and economic factors - projected enrollment declines and increased expenditures due to inflation." 2/

The New York Times reported that in 1981-82 undergraduate tuition charges will be breaking the $7000 barrier for the first time. 3/ Increases for tuition are ahead of inflation by several points, often reaching and exceeding 15 percent.

And when tuition, room and board are combined, many colleges are surpassing $10,000 with Vermont's Bennington College leading the nation at $12,030.

Tuition accounts for approximately one-fifth of all revenues received by institutions of higher education. Most private institutions rely more heavily on tuition as a source of revenue than public institutions. It is, therefore, not surprising that private institutions increased tuition charges by 25 to 27 percent from 1977 to 1980, while public institutions raised tuition by 19 to 21 percent during this same period.

Table I shows the average full-time undergraduate tuition charges by type of institution for the past four years. Note that for the year 1979-80, averages for public two- and four-year colleges fell far below that charged at City University.

Considerable literature has been devoted to the problem of students' ability to obtain a college education in the face of these mounting costs. While most people are concerned with achieving equity with respect to educational opportunity, there is a division of opinion as to the best approach.

Broadly defined, equity is the ability of a student to attend the college of his or her choice without regard to financial means.

The basic question is whether this can best be achieved through a policy of low, no tuition, need-based student aid, or most recently, tuition tax credits.

Individuals, organizations, panels, task forces and commissions have all made their feelings known over the past several years.

It is therefore appropriate, at this point, to briefly review some of those opinions.

And as we'll see, where one stands seems to depend on where one sits.

In June 1973, the Carnegie Commission on Higher Education issued a report entitled Higher Education: Who Pays? Who Benefits? Who Should Pay? In order to achieve "greater justice" in higher education, the Commission recommended that higher tuition be charged to those who can afford to

pay it and that more aid be provided to students from lower-income families, particularly through the full funding of the BEOG program.4/

To achieve this "greater justice," the Commission proposed in "Recommendation 12" that "state governments take positive steps toward a gradual narrowing of the tuition differential between public and private institutions in their jurisdictions. This can be accomplished through adjustments in tuition levels at public institutions with an accompanying statewide program of student aid that will minimize the cost to the low-income student, by a program of direct or indirect support to private institutions, to enable them to keep tuition charges from rising unduly rapidly, or by a combination of both." 5/

This recommendation highlights the Commission's belief that public subsidies can be channeled to students who need assistance more effectively through a combination of tuition and student aid than through primary reliance on low or no tuition.

It is interesting to note that following the release of the original report the Commission found it necessary to state, "Some of those who have commented on the Carnegie Commission's recommendations on tuition policy have implied that the major purpose of the Commission was to facilitate the survival of private colleges and universities by reducing the gap between their tuition charges and those of competing public institutions. Lowering this gap was not the major purpose of the recommendation, although it would be a result of its implementation." 6/

The reason for the Carnegie Commission's point of view can best be seen in its definition of "equity." They have extended it to encompass equity between public and private institutions. And, among other things, they recommend immediate public support for private colleges in all 50 states. Emphasizing their belief that student aid - not low tuition - is the path to equity, they state, "When students are subsidized primarily through very low or no tuition, the benefits flow to all students attending public four-year institutions regardless of family income." 7/

Two years earlier, Dr. Peter Machlis remarked that, "Zero tuition coupled with open enrollment will tend to gradually destroy private education. Private colleges and universities in New York City have had a marked decrease in undergraduate enrollment since 1970 as a result of the introduction of open enrollment at the City University of New York." 8/ In his report, Equity of Opportunity in Public Higher Education, Machlis proposed a graduated tuition as the vehicle to achieve educational equality of opportunity.

Seven years after Carnegie, in 1980, support for student aid was reiterated by the Report of the Sloan Commission on Government and Higher Education. The Commission urged that the central purpose of federal aid to students ought to continue to be the lowering of barriers to post-secondary education. 9/ And they stated that, "student financial aid should be designed to assist the student, not necessarily to assist the institution." 10/

Sloan recommended that appropriations for BEOG be large enough so that every eligible student could receive the full amount of the award and that every Congress adjust the awards to reflect changes in the consumer price index. 11/

Not everyone, however, is persuaded that student aid is the answer. William D. Hyde, Jr. of the Education Commission of the States feels that aid might be less effective than low tuition. "Students may not know the availability of student financial aid and may be uncertain about their eligibility for aid until after they matriculate. Consequently," states Hyde, "given these doubts, many students decide not to enroll; however, an aid policy that manifests itself through low tuition is a more discernible, constant cost that a prospective student can depend on while making a decision." 12/

Carnegie did divert from its general recommendations when it came to the issue of community colleges. The Commission recommended that tuition policies of public institutions be restructured so that tuition would be comparatively low for lower-division students, higher for upper-division students and considerably higher for graduate students, and that, especially in community colleges, this would help achieve universal access to higher education. 13/

"Recommendation 4" stated, "Public institutions - and especially the community colleges - should maintain a relatively low tuition policy for the first two years of higher education. Such tuition should be sufficiently low that no student, after receipt of whatever federal and state support he or she may be eligible for, is barred from access to some public institutions by virtue of inadequate finances." 14/

In 1975, the Carnegie Council on Policy Studies in Higher Education proposed a national pattern of low or no tuition for the first two years of college. In its report, Low or No Tuition: The Feasibility of a National Policy for the First Two Years of College, the Council urged a system of federal grants-in-aid which would induce states to pursue policies of low or no tuition for lower-division students in public higher education. 15/

Sloan also felt it important to keep tuitions relatively low in community colleges and in the first two years of other open-access institutions. 16/

"It must be recognized," states Sloan "that the first two years of college are an important personal testing time. Some try it out, discover they can profit, and go on; others drop out. The sorting once accomplished, those who stay can reasonably expect tangible personal benefits. This is the case for charging them a larger proportion of the costs of their education after they complete two years." 17/

Another topic of concern is the impact of student aid on the institutions themselves. In Next Steps for the 1980s In Student Financial Aid: A Fourth Alternative, the Carnegie Council points out that two views of the impact of student aid programs on different types of institutions are widely held. First, the BEOG program is seen as having an important role in increasing enrollments at public community colleges. Second, it is widely understood that aid available to upper-middle and upper income students - especially state tuition grant programs and aid provided by the institutions themselves - has been critical to sustaining enrollments in the selective private colleges. 18/

They also felt that the BEOG program has played an important role in increasing enrollments of minority and lower income students in the less selective private institutions. 19/

When CUNY itself was studying the imposition of tuition, its effect on the distribution of the student body was addressed by the Office of the Master Plan. "It is often agreed that if tuition were imposed at CUNY, then it is likely that many higher income students would choose to attend college elsewhere...It is worth noticing that attrition will result in a certain degree of economic and ethnic redistribution of University students. Since attrition rates are higher for higher income students, the imposition of tuition would have the consequences of altering the current distributions. That is, tuition would provide for a greater percentage of poor and minorities of the University total...given the correlations between income and ethnicity and high school average - and thus college performance - the imposition of tuition might substantially affect the academic quality of CUNY students." 20/

One issue which has come to the fore with the change in administrations in Washington D.C. is the whole question of tuition tax credits. The Secretary of Education, Terrel H. Bell, says that for government to pay tuition tax credits is a matter of "fairness and equity." 21/

This approach is directed at lower and higher education alike. President Ronald Reagan ran on a platform which strongly supported tuition tax credits. In the spring of 1979, the Moynihan-Packwood bill, which would have implemented such a plan, was defeated. However,

with the current administration, the issue is very much alive once again.

The Carnegie Council strongly opposes tuition tax credits on the grounds that such a system would destroy the principle of need-based student aid. Carnegie insists that credits represent a regressive and self-defeating form of parental relief.

They also oppose tuition tax credits for the following reasons:

1) They would be very costly to the U.S. Treasury, while at the same time providing such nominal relief to individual families that the pressure to increase the amounts of credits, once adopted, would inevitably be very strong.

2) The temptation for colleges and universities to raise their tuition by the amount of the tax credit would be very great, thereby nullifying the relief and rendering the aid to families self-defeating.

3) Tuition tax credits are not an effective way of helping private institutions compete for students, because they would not reduce the tuition gap between public and private colleges and the bulk of the benefits (if any) would go to the far more numerous families whose children enroll in public institutions.22/

Low Tuition and the Effects of Pricing Policies on Enrollment

"Low tuition is by far the single most important form of student aid in higher education," according to Allan W. Ostar of the American Association of State Colleges and Universities. 23/

Ostar believes that there is a one-to-one relationship between low tuition and access and he cites as proof an experiment conducted at the University of Wisconsin in 1973-74. The state lowered tuition sharply at two of the two-year centers of the Wisconsin system - from $429 a year to $80 a year - while holding tuition constant at all other two-year centers. The result was an enrollment increase of 47 percent at one center and 23 percent at the other. For every one percent reduction in the total cost of attending low-fee centers there was a 1.3 percent increase in enrollment.24/

Studies of the additional students attending these centers revealed that for the most part they would not have attended any other college. Therefore, the centers were not raiding the student pool for the other colleges, but rather enrolling those who otherwise would not have attended at all. 25/

In addition to being effective, says Ostar, low tuition is an efficient form of student aid requiring fewer administrative worries and costs than more restrictive forms of student aid. It requires no forms, means tests, formulas or collection procedures. And far from being a gift, he points out, the money is recovered in the higher taxes paid by the more highly educated. 26/

The problem with student aid according to Ostar is that an over emphasis on it can lead to pressures on state governments as well as public and private colleges to raise tuition on the belief that student aid will take care of those really in need. 27/

Ostar points to the City University as an institution where this argument was used when tuition was imposed and brands the argument as unsound. 28/

A study at the University of Tennessee in 1977 supports his position. The University found that a $100 increase in tuition would have resulted only in an additional $26 in BEOG assistance for the average BEOG recipient. The low income students would have to make up the other $74 some other way. In addition, since only 13 percent of the students were BEOG recipients, the other 87 percent would have had to pay the entire increase. 29/

Ostar also blasted loan programs as complex, bureaucratic and wasteful and uses this as another reason to support low tuition. 30/

One suggestion by the AASCU is that of a "tuition cap." This they define as an incentive institutional payment to public and private colleges which succeed in holding tuition levels. They also suggest an incentive payment for maintenance of effort to those colleges which continue to spend as much in constant dollars per student for instruction and which do not substitute federal student aid dollars for state or institutional dollars. 31/

In California, where the college-going rate is among the highest in the nation and student charges in the state's public institutions are among the lowest, the impact of higher costs was again found to be deleterious vis-a-vis enrollment.
In its 1979 report The Price of Admission, The California Postsecondary Education Commission found that, "While any option that raised student charges would reduce enrollment, those that

increased charges substantially would also significantly alter the composition of undergraduate students attending public higher education. Despite the extensive student financial aid programs already in existence, the report continues, "the adoption of large fee increases would substantially reduce the enrollment of students from low-income families, particularly at the State University and in the Community Colleges." 32/

Table I **Average Full-Time Undergraduate Tuition Charges of Institutions of Higher Education by Type of Institution**
Academic Years 1977-80

Year	All Institutions	Public*			Private		
		Universities	Other 4-year	2-year	Universtities	Other 4-year	2-year
1977	$ 1,238	$ 670	$ 560	$ 337	$ 3,082	$ 2,115	$ 1,564
1978	1,319	710	596	359	3,302	2,257	1,619
1979	1,422	750	625	376	3,606	2,433	1,762
1980	1,551	811	664	400	3,931	2,645	1,982

Source: National Center for Education Statistics

*CUNY tuition was $925 for upper division and $775 for lower division until 1979 when lower division was raised to $925.

NOTES

1. "Record Tuition Increases Expected for Academic Year 1980-81," National Center for Education Statistics Bulletin, 80-B16, U.S. Department of Education, August 7, 1980, p. 1.

2. Ibid.

3. Laurie Johnson "Cost of Attending College Rises past $10,000 a Year," New York Times, Februry 19, 1981, p. B1.

4. The Carnegie Commission on Higher Education, Higher Education: Who Pays? Who Benefits? Who Should Pay?, New York: McGraw-Hill, June 1973, p. 6.

5. Ibid., p. 114.

6. The Staff of the Carnegie Commmission on Higher Education, Tuition: A Supplemental Statement to the Report of the Carnegie Commission on 'Who Pays? Who Benefits? Who Should Pay?', Berkeley, 1974.

7. Ibid., p. 37.

8. Dr. Peter D. Machlis, Equality of Opportunity in Public Higher Education, Adelphi University Department of Economics, 1971.

9. The Sloan Commission on Government and Higher Education, A Program for Renewed Partnership, Cambridge: Balinger, 1980, p. 19.

10. Ibid.

11. Ibid., pp. 20-21.

12. William D. Hyde, Jr., "The Effect of Tuition and Financial Aid on Access and Choice in Postsecondary Education," in Issues in Postsecondary Education Finance: Summaries of Six Issues, William D. Hyde, Jr.; ed. Denver: Education Commission of the States, June 1978, p. 32.

13. Higher Education, p. 107

14. Ibid, p. 108.

15. The Carnegie Council on Policy Studies in Higher Education, Low or No Tuition: The Feasibility of a National Policy for the First Two Years of College, San Francisco: Jossey Bass, 1975, p. 38.

16. Sloan, p. 21.

17. Ibid.

18. The Carnegie Council on Policy Studies in Higher Education, Next Step for the 1980s in Student Financial Aid: A Fourth Alternative, San Francisco: Jossey Bass, 1979, p. 125.

19. Ibid.

20. Laurence F. Mucciolo, An Analysis of the Impact of Charging Tuition at the City University of New York, CUNY Office of the Master Plan, December 1975, p. 148.

21. "Double Jeopardy," New York Times, February 8, 1981.

22. Next Steps, p. 38.

23. Allan W. Ostar, The Effects of Inflation and Pricing Policies on College Enrollments, American Association of State Colleges and Universities, Washington, D.C., 1978, p. 2.

24. Ibid.

25. Ibid.

26. Ibid., pg. 3.

27. Ibid., p. 4.

28. Ibid.

29. Ibid.

30. Ibid., p. 5.

31. Ibid., p. 6.

32. California Postsecondary Education Commission, The Price of Admission: An Assessment of the Impact of Student Charges on Enrollments and Revenues in California Public Higher Education, Sacramento, September 1979, p. 80.

"The experiment is to be tried whether the children of the people - the children of the whole people - can be educated and whether an institution of learning of the highest grade can be successfully controlled by the popular will, not by the privileged few."

- President Horace Webster of the Free Academy describing its mission and purpose to the first class of 143 students. 1/

For the thousands of "working poor" immigrants arriving from Europe, the City of New York represented much more than a port of immediate opportunity - it was a city that offered new hopes and a better future for their children. They learned quickly, however, that certain educational opportunities were kept far out of reach, especially access to higher education. At the time, two private colleges served the citizenry of the City - Columbia College and the University of the City of New York - enrolling only 247 students in a city of 500,000 residents. 2/ Only those families who could afford the costs of higher education were able to provide their children with its advantages.

Appeals for the extension of the education system to students in the Common School system were heard from several groups. Social reformers, unionists, educational leaders and the Workingmen's Party organized such a platform in 1838. 3/ The dominant figure was Townsend Harris, who, upon his election as President of the New York City Board of Education, persistently advocated the establishment of a free, municipally-sponsored college.

The debate over the wisdom of a free academy was vociferous and deeply rooted in both educational and social policies. Editorial writers from Colonel James Watson Webb's Morning Courier and Enquirer stated that a Free Academy would be "onerous to the city finances, injurious to institutions of learning already established," and a catalyst for "strife among different classes and religious sects." 4/ (Colonel Webb's strong repudiation of the free academy was somewhat disregarded by his son, Alexander Stewart Webb, who became the second president of City College.)

Finally, the debate reached the corridors of the New York State Legislature in Albany and a Townsend Harris-inspired bill to provide for a referendum on the issue of a Free Academy was passed. On May 7, 1847, Governor John Young signed the Free Academy Act and the voters of New York City were asked to decide the fate of free public higher education. 5/ There then began a thirty-day campaign, complete with daily campaigning and editorial commentaries. The answers to Colonel Webb's journalistic criticisms came from many quarters, including the Evening Mirror which declared, "We do not see how any intelligent man can oppose a plan like that of the Free Academy. Some are afraid it will injure Columbia College and the University; but if those institutions rest upon so ticklish a foundation as to be upset by such a rival, the sooner they are got rid of the better." 6/

The Growth of the University

The Free Academy offered a unique blend of liberal arts education and career training, fostering intellectual freedom as well as rigorous academic

standards. After seventeen years of operation its name was changed in 1866 to the College of the City of New York. As the public school system expanded, the demand for teachers became paramount and this contributed to the establishment of the second free municipal college - the Normal College for Women, which in 1914 became Hunter College. 7/ In 1926, the two colleges were placed under a new governing body, the Board of Higher Education (BHE).

In the wake of the Great Depression of the 1930's, the municipal colleges were greatly endangered, tied as they were to the City's operating budget. Public support, however, remained constant and the BHE established Brooklyn College in 1930 8/ and Queens College in 1937. 9/

The first community college was established in 1953 when the New York Institute of Applied Arts and Sciences was designated as New York City Technical Institute and funded as a community college. 10/ In 1954, Staten Island Community College began operations, the same year that the Police Academy became affiliated with the Baruch School of Business and Administration, formerly a branch of City College. 11/ By 1956, both Bronx Community College and Queensborough Community College were established.

By the early 1960's, the State of New York had become committed to the establishment of a new State University system. At the same time, similar commitments for the expansion of public higher education opportunity were given to the City system. In 1961, the City Colleges became the City University of New York through an act of the New York State Legislature approved by Governor

Nelson A. Rockefeller. The same legislation also transferred the then 124-year-old mandate of free tuition to the Board of Higher Education, thus removing the policy from the direct control of elected officials. 12/ The University was authorized to offer the Ph.D. and a graduate division was created to administer doctoral programs.

The expansion of CUNY continued. By 1963, Kingsborough Community College and Borough of Manhattan Community College were operating and by 1968, John Jay College of Criminal Justice, York College and Richmond College opened. 13/ Baruch College was formally separated from City College in 1968 and Herbert H. Lehman College was established on the Bronx campus of Hunter College. 14/ The year prior, an affiliation was established with Mt. Sinai Medical School and by 1971, Medgar Evers College, Fiorello LaGuardia Community College and Eugenio Maria de Hostos Community College were established. 15/

Open Admissions

The University's plans for growth during the sixties and early seventies were accelerated during a dramatic period of social upheaval.

CUNY's long-standing commitment to serve the educational needs of successive waves of immigrants came under severe criticism. Although Black and Hispanic students were represented in the City's public high school system, the senior colleges of CUNY continued to receive a primarily white student population. In April 1969, City College was the scene of campus demonstrations by students and community leaders who expressed support for Black

and Hispanic student enrollment. At the same time, University officials, students, faculty and civic leaders worked towards developing a University-wide program of "Open Admissions."

By September of 1970, the Board had approved a new plan for open admissions whereby all New York City high school graduates were offered a seat in one of the colleges of CUNY and where students with high school averages of 80% or better or who ranked in the top half of their high school graduating class were deemed eligible for admission to a CUNY senior college. Remediation programs were also begun in order to help those underprepared students entering the University cope with a myriad of basic skills deficiences. Under open admissions, the University's enrollment rose to a peak of 250,000 in 1975 - 90% of whom were undergraduates.

The University's free tuition policy creaked under the pressure of new attacks from state officials - including Governor Rockefeller - but the policy retained public support as integral to the historic mission of the University and as necessary to provide full access to the "new" immigrants of the City.

The Mid-70's

By 1973-74 CUNY's future was subjected to a new set of political circumstances. The changing scene included the departure of Governor Nelson Rockefeller, the election of Mayor Abraham Beame, a City College graduate, and the election of Hugh L. Carey as Governor, who promptly promised in a letter to the City University Student Senate to do all within his power to preserve free tuition at the University.

Halfway through the 1974-75 academic year, the Mayor proposed a $20 million cut in the University's Budget, as the fiscal problems of New York City began to worsen. By mid-1975, the University's share of the City's budget-cutting program totalled $87 million - a $30 million increase in student fees and $57 million in reductions.

Extensive layoffs were ordered and almost 4,000 full-time equivalent staff positions were eliminated. In August of that year, the Board of Higher Education adopted its "Emergency Guidelines and Procedures" for retrenchment, and the fall semester began amidst a climate of uncertainty for both the University and the City.

On September 18, 1975, the State's Emergency Financial Control Board (EFCB) was convened to monitor the City's fiscal operations and to approve a financial plan designed to avert defaults by the City. At the same time, CUNY received a terse, two paragraph letter from City Budget Director Melvin Lechner indicating that another $32 million reduction would be required, triggering an additional $22 million cut in State aid.

Throughout the fall, the Board and the University community grappled with the $54 million reduction that resulted from the total of State/City aid cuts. At the December Board meeting, a plan to implement a four-week payless furlough was approved, along with restrictions on open admissions. On December 9, President Gerald Ford reversed his earlier opposition to federal loans to New York City and signed an authorization act to that effect.

With the $54 million reduction program scheduled for a one semester implementation, the Board then proceeded to adopt a restructuring proposal that consolidated colleges and altered the academic missions of other. These changes, however, were averted by action of the Legislature, which established a legislative approval requirement for such changes, except in the case of Richmond and Staten Island Community College, which federated to become the College of Staten Island.

By May, the University could no longer meet both the combination of the budget restrictions and its expenditure obligations, and CUNY closed its doors for a two-week period. The pressure to impose tuition, the only revenue source available in lieu of City or State aid, became the order of the day, with public silence (and private pressure) from the Governor and the Mayor an obvious factor. The Board's chairman, Alfred A. Giardino, members Rita Hauser and Vincent Fitzpatrick resigned in protest, paving the way for a new Board willing to eliminate free tuition. On June 14, only Board member Vinia Quinones, a City College graduate, voted against the establishment of a tuition rate comparable to that of the State University of New York.

On June 12, Governor Carey signed into law a new financing plan that advanced funds to allow CUNY to complete the academic year and that created a new Board of Higher Education (BHE) to govern the University.

From 1976 to 1979 the BHE reviewed CUNY's academic programs and guided the beleaguered institution though a regrouping of resources around essential functions. The difficulties continued when Mayor Edward I. Koch proposed a tuition increase of

$150 for lower division students in 1978, and the BHE acceded to the Mayor's wishes. In the meantime, over 70,000 students had left the University following the elimination of free tuition and the future remained uncertain. CUNY's survival was still the issue when the New York State Legislature moved to enact the CUNY Governance and Financing legislation of 1979, spearheaded by Assemblyman Mark A. Siegel and State Senator Kenneth LaValle, the respective heads of the Assembly and Senate Higher Education Committees.

Under the new legislation CUNY's senior colleges received a phase-in of 100% State funding, net of tuition, fully effective in 1982-83. Both the senior and community colleges were placed under a new Board of Trustees established to govern CUNY, with ten members designated by the Governor and five members named by the Mayor, one student member (the Chairperson of the University Student Senate) and one faculty member (the Chairperson of the University Faculty Senate-non voting)). Pursuant to the same legislation, alumni and borough representation were secured on the Board through the appointment process. And in a significant fiscal change, new construction at the senior colleges became the full responsibility of the State.

For the City University, the 1979 legislation ensured greater stability and the maintenance of an integrated University system through expanded State support. For the City, it represented the preservation of an historic public college system designed to meet the needs of the latest wave of immigrants and migrants. For the student, however, tuition is still very much an issue, particularly during the current period of rising costs and federal financial aid cutbacks.

NOTES

1. City College of New York, The City College: Celebrating 125 years of Higher Education, 1972, p. 10.
2. Ibid., p. 8.
3. Duncan B. Pardue and Suzanne P. Ryder, A Forty-Six Year Summary of The Board of Higher Education of The City of New York, Board of Higher Education, 1974, p. 1.
4. Morning Courier and New York Enquirer, February 20, 1847, p. 2.
5. S. Willis Rudy, The College of the City of New York: A History 1847-1947, The City College Press, 1949, p.17.
6. Ibid., p.18.
7. Duncan B. Pardue, p. 4.
8. Thomas Evans Coulton, A City College in Action: Struggle and Achievement at Brooklyn College, 1930-1955, New York: Harper and Brothers, 1955, p. 67.
9. Duncan B. Pardue, p. 13.
10. Ibid., p. 19.
11. Ibid., p. 20.
12. Ibid., p. 24.
13. Ibid., pp. 25-26.
14. Ibid., p. 29.
15. Ibid., pp. 31-34.

FINANCING OF THE UNIVERSITY BUDGET

Senior Colleges

Prior to 1976, the State and City provided equal shares of the senior college budget after tuition and fee income was subtracted. As a result of the fiscal crisis, the State share was increased to 75 percent of the budget net of tuition and fee income, with the City contributing 25 percent.

State legislation enacted in 1979 provided that City support for the senior colleges would be phased out over a three-year period. By 1982-83 the State will fully fund the senior colleges.

Community Colleges

For "full opportunity" community colleges (all of CUNY's are) the State provides up to 40 percent of operating costs subject to a complex adminstrative formula. The formula provides a fixed amount per student with additional supplements for disadvantaged, business and technical program students.

However, since the imposition of tuition in 1976-77, the State share has never been 40 percent and, in fact, has been steadily decreasing to just about 32 percent in the 1981-82 Governor's Executive Budget.

The City determines the total budget for the community colleges. It determines the amount of tuition revenue, subtracts the estimated State aid, and the remainder is the City contribution. That share is not a fixed percentage of the budget.

Table II shows the changing pattern in funding of the University budget since 1975-76, the year before tuition. Note the dramatic decrease in City support of the senior colleges by 1977-78 as well as the decrease in overall City support of the University.

At the same time we see the corresponding growth of tuition and fees as a percentage of the budget.

Chart I graphically represents University-wide developments. By the time our test year of 1979-80 is reached, it becomes clear that tuition and fees have exceeded the City contribution to the total budget for several years.

Another good measure of the decrease in City support of the University is the ratio of dollars to FTE students. In 1975-76 the City provided $232.8 million and the University reported an annual FTE count of 196,471.* That comes to $1185/FTE of City Support.

In 1979-80, CUNY received $122.8 million from the City for 138,458 FTE's or $887/FTE on a University-wide basis. If we compare FTE enrollment for each year with the 1975-76 level of City support per FTE, we can see how much the City has saved by reducing its funding of CUNY (Table III).

If City aid had remained constant on a $/FTE basis from 1975-76 to 1979-80 - not even allowing for annual inflation or collective bargaining increases - then the City would have had to expend $204.6 million in additional aid to CUNY.

Chart II shows actual City support/FTE and the change in the Higher Education Price Index, a leading indicator of costs for goods and services in higher education.

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1 Excludes Mt. Sinai, summer session and continuing education.

Table II CUNY Budget by Funding Source ($ millions)

	1975-76		1976-77		1977-78		1978-79		1979-80	
	$	%	$	%	$	%	$	%	$	%
Senior										
City	154.8	40.2	115.7	35.8	53.4	17.0	53.7	17.6	65.3	19.3
State	154.8	40.2	115.8	35.8	160.2	51.1	161.3	52.8	180.2	53.2
Tuition/Fees/Other	75.6	19.6	92.0	28.4	100.1	31.9	90.3	29.6	92.9	27.5
Total	385.2	100.0	323.5	100.0	313.7	100.0	305.3	100.0	338.4	100.0
Community										
City	78.0	48.6	44.8	30.3	43.7	28.7	46.8	30.3	57.5	33.3
State	65.6	40.8	58.4	39.5	58.0	38.2	57.9	37.5	64.4	37.3
Tuition/Fees/Other	17.0	10.6	44.7	30.2	50.3	33.1	47.9	32.2	50.7	29.4
Total	160.6	100.0	147.7	100.0	152.0	100.0	154.4	100.0	172.6	100.0
Total										
City	232.8	42.6	160.3	34.0	97.1	20.8	100.5	21.9	122.8	24.0
State	220.4	40.4	174.2	37.0	218.2	46.8	221.0	48.1	244.6	47.9
Tuition/Fees/Other	92.6	17.0	136.7	29.0	150.4	32.4	138.2	30.0	143.6	28.1
Total	545.8	100.0	471.2	100.0	465.7	100.0	459.7	100.0	511.0	100.0

Source: University Budget Office, CUNY

Chart I Changes in Funding Sources in CUNY Budget

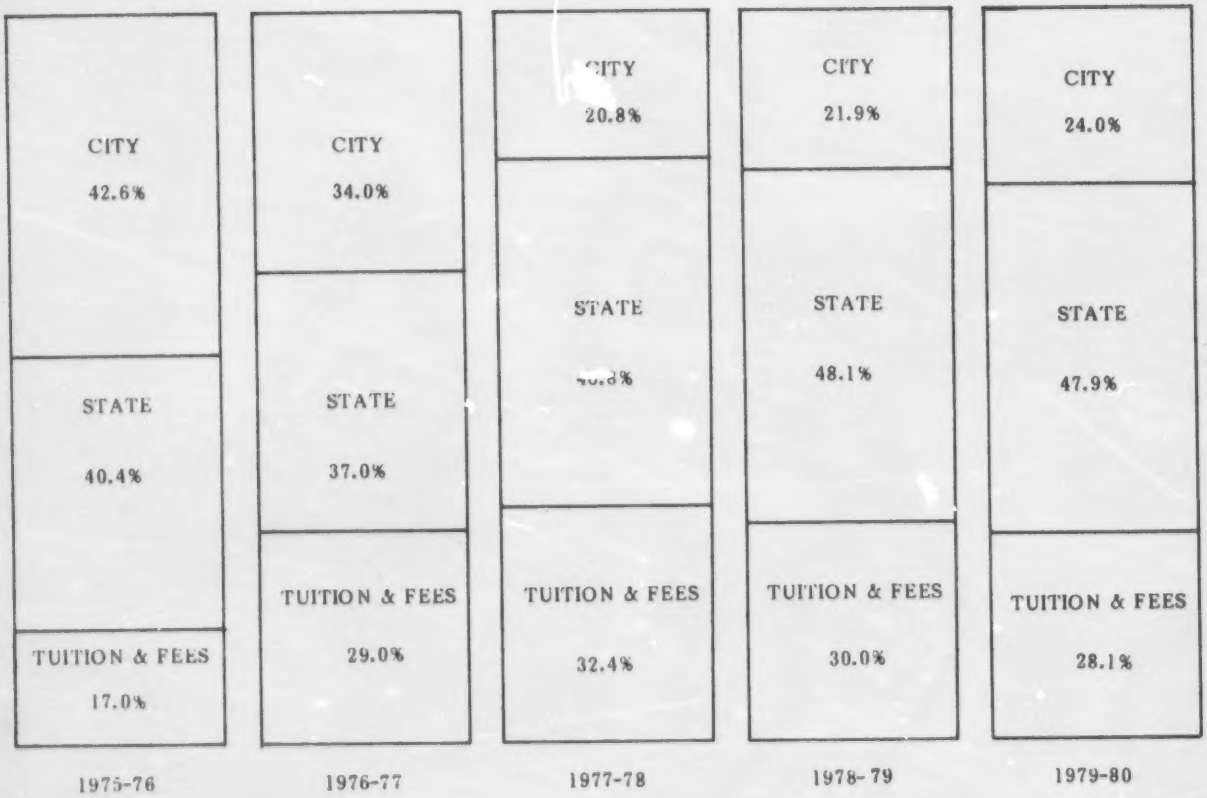
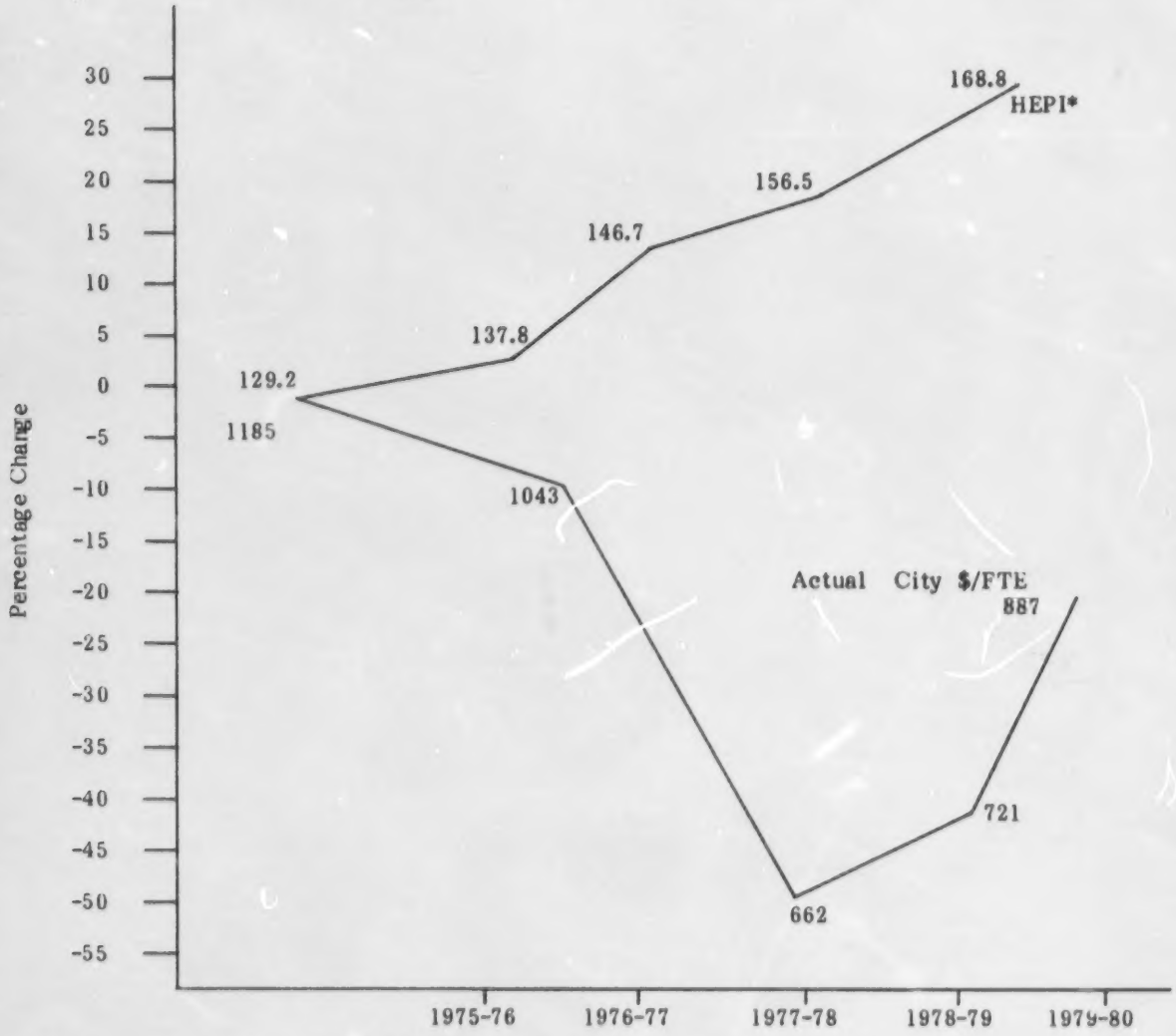


Table III City Support/FTE

	Actual City Aid ($M)	FTE's -a	Aid/FTE	City Aid at 75-76 Aid/FTE level	Difference	Cumulative Savings
1975-76	232.8	196,471	1,185	232.8	0	0
1976-77	160.3	153,742	1,043	182.2	21.9	21.9
1977-78	97.1	146,745	662	173.9	76.8	98.7
1978-79	100.5	139,291	721	165.1	64.6	163.3
1979-80	122.8	138,458	887	164.1	41.3	204.6

a. Excludes Mt. Sinai, Summer and Continuing Education.

Chart II **City Support of CUNY and The Higher Education Price Index**



*Source: D. Kent Halstead, Higher Education Prices and Price Indexes, Washington, DC: U.S. Government Printing Office, 1980.

TUITION REVENUE ANALYSIS

In order to determine the dollars realized by the University in tuition revenue, it is necessary to approach this item in a somewhat indirect manner. The reason for this is that the University maintains its records on tuition as part of a larger category called "Tuition and Fees." What's more, a breakdown for full-time undergraduate students only, was unobtainable.

Since we are interested only in pure tuition, exclusive of fees (that is, $925 per person per year) and only in full time undergraduates, a method has to be developed to ascertain the figures.

The following formula was devised:

$$R = \overline{H}tc$$

where R = tuition revenue

$\overline{H}$ = average annual headcount for full-time undergraduates

t = tuition rate

c = collection rate

The headcount represents the number of "bodies" in attendance as full-time undergraduates as the term implies. This information was obtained from the University's Office of Institutional Research as reported in their Data Book. The average annual headcount, $\overline{H}$, is the arithmetic mean of the fall and spring semester figures.

The tuition rate, t, is simply $925 for the regular academic year.

The collection rate, c, represents the percentage of total tuition charges billed that the University actually deposited with the City University Construction Fund (CUCF), which is the repository for all CUNY tuition and fees. This data was obtained from the University Accounting Office.

As throughout this report, data was obtained separately for senior and community colleges (the Graduate Center is excluded since it enrolls no undergraduates).

Using Table IV for our test year of 1979-80, for senior colleges, $\bar{H}$ is 60,493 and c is 95.5%. Total revenue from senior college full-time undergraduate tuition, therefore, equals:

$$R_{sc} = \bar{H}tc$$

$$= 60,493 \times 925 \times .955$$

$$= 53,438,003$$

So R_{sc} was approximately $53.4 million for 1979-80.

For the community colleges, $\bar{H}$ is 46,031 and c is 94.9%, making community college revenue:

$$R_{cc} = \bar{H}tc$$

$$= 46,031, \times 925 \times .949$$

$$= 40,407,162$$

or about $40.4 million for community colleges.

We therefore derive a total tuition revenue for CUNY full-time undergraduates of $93.8 million for our test year.

The data are disaggregated in Table V.

Table VI provides historical data on tuition revenue. Note that in the years 1976-77, 1977-78 and 1978-79 a tuition differential existed between lower and uppper division students (community college and first two years senior who paid $775 annually and upper division students who paid $925. The lower division was raised to the higher division level beginning with the fall, 1979 semester).

Returning then to our test year of 1979-80, we see that tuition generated $93.8 million in revenue for the University. While this figure represents the full-time undergraduate tuition revenue, it does not represent the additional revenue generated as a result of tuition.

Prior to the imposition of tuition, every student paid what was known as a "general fee." In 1975-76, this was $55 a semester or $110 annually. Once tuition was imposed, this fee was absorbed into the tuition charge and ceased to exist as a separate entity.

To determine the amount of additional revenue generated by tuition we must reduce the $93.8 million by what would have been received from the $110 fee.

Even though that $110 would have almost certainly increased over the years in absence of tuition, we will adjust our computations only by the $110. Our formula then becomes:

$$R = \overline{H}\,(t-f)c,$$

Where f = the $110 general fee

Therefore:

$$R_{sc} = 60{,}494 \times 815 \times .955$$

$$= 47{,}083{,}214$$

$$R_{cc} = 46{,}031 \times 815 \times .949$$

$$= 35{,}601{,}986$$

The amount of additional revenue generated in 1979-80 as the result of the implementation of a tuition policy is shown to be $47.1 million for the senior colleges and $35.6 million for the community colleges for a total of $82.7 million.

It is against this revenue f'gure that we will apply those items which we determine to be costs resulting from tuition in an attempt to answer the questions, "Was it worth it?" and "To whom?"

Table IV Enrollment of Undergraduate Students By Matriculant Status — Full-Time/Part-Time Fall 1979

College	Matriculants Full-time	Matriculants Part time	Matriculants Total	Non-Degree Full-time	Non-Degree Part-time	Non-Degree Total	Total Full-time	Total Part-time	Total Total
SENIOR									
Baruch	8,550	3,365	11,915	30	607	637	8,580	3,972	12,552
Brooklyn	11,416	3,235	14,651	274	1,015	1,289	11,690	4,250	15,940
City	8,646	2,197	10,843	68	431	499	8,714	2,628	11,342
Hunter	8,934	3,043	11,977	321	2,426	2,747	9,255	5,469	14,724
John Jay	4,062	1,161	5,223	114	297	411	4,176	1,458	5,634
Lehman	5,568	1,899	7,467	87	1,089	1,176	5,655	2,988	8,643
Queens	11,298	3,143	14,441	500	1,938	2,438	11,798	5,081	16,879
Staten Island(Upper Div.)	1,320	1,086	2,406	11	140	151	1,331	1,226	2,557
York	2,596	1,022	3,618	16	185	201	2,612	1,207	3,819
Total Senior Colleges	62,390	20,151	82,541	1,421	8,128	9,549	63,811	28,279	92,090
COMMUNITY									
Bronx	5,234	1,929	7,163	15	116	131	5,249	2,045	7,294
Evers	2,182	611	2,793	57	138	195	2,239	749	2,988
Hostos	2,195	300	2,495				2,195	300	2,495
Kingsborough[a]	6,245	1,907	8,152	36	375	411	6,281	2,282	8,563
LaGuardia	5,707	518	6,225	39	20	59	5,746	538	6,284
Manhattan	5,782	2,570	8,352	23	167	190	5,805	2,737	8,542
New York City	8,722	4,446	13,168	30	1	31	8,752	4,447	13,199
Queensborough	6,886	3,139	10,025	248	1,510	1,758	7,134	4,649	11,783
Staten Island(Lower Div.)	4,127	2,441	6,568	146	675	821	4,273	3,116	7,389
Total Community Colleges	47,080	17,861	64,941	594	3,002	3,596	47,674	20,863	68,537
TOTAL UNDERGRADUATE ENROLLMENT	109,470	38,012	147,482	2,015	11,130	13,145	111,485	49,142	160,627

a) Includes Kingsborough's Winter Module.

Source: 1979-80 Data Book.

Table IV Enrollment of Undergraduate Students By Matriculant Status — Full-Time/Part-Time Spring 1980

College	Matriculants Full-time	Matriculants Part-time	Matriculants Total	Non-Degree Full-time	Non-Degree Part-time	Non-Degree Total	Total Full-time	Total Part-time	Total Total
SENIOR									
Baruch	7,595	2,992	10,587	35	568	603	7,630	3,560	11,190
Brooklyn	10,668	3,185	13,853	158	870	1,028	10,826	4,055	14,881
City	8,108	2,024	10,132	59	425	484	8,167	2,449	10,616
Hunter	8,371	2,902	11,273	281	2,327	2,608	8,652	5,229	13,881
John Jay	3,789	1,122	4,911	104	277	381	3,893	1,399	5,292
Lehman	5,513	2,044	7,557	70	1,069	1,139	5,583	3,113	8,696
Queens	10,617	2,981	13,598	454	1,669	2,123	11,071	4,650	15,721
Staten Island(Upper Div.)	1,254	1,027	2,281	5	128	133	1,259	1,155	2,414
York	2,682	1,055	3,737	13	168	181	2,695	1,223	3,918
Total Senior Colleges	58,597	19,332	77,929	1,179	7,501	8,680	59,776	26,833	86,609
COMMUNITY									
Bronx	5,040	2,280	7,320	11	125	136	5,051	2,405	7,456
Evers	2,267	549	2,816	46	152	198	2,313	701	3,014
Hostos	2,218	435	2,653				2,218	435	2,653
Kingsborough[a]	5,668	1,954	7,622	38	426	464	5,706	2,380	8,086
LaGuardia	4,759	761	5,520	12	37	49	4,771	798	5,569
Manhattan	5,755	2,714	8,469	16	100	199	5,771	2,897	8,668
New York City	8,555	4,785	13,340	1	57	58	8,556	4,842	13,398
Queensborough	6,559	3,047	9,606	251	1,420	1,671	6,810	4,467	11,277
Staten Island (Lower Div.)	4,160	2,380	6,540	98	869	967	4,258	3,249	7,507
Total Community Colleges	44,981	18,905	63,886	473	3,269	3,742	45,454	22,174	67,628
TOTAL UNDERGRADUATE ENROLLMENT	103,578	38,237	141,815	1,652	10,770	12,422	105,230	49,007	154,237

a) Includes Kingsborough's Spring-Summer Module.

Source: 1979-80 Data Book

Table V Full-Time Undergraduate Tuition Revenue 1979-80

Division	$H_{fall\ 79}$	$H_{spring\ 80}$	$\bar{H}$	t	c	R
Senior	62,390	58,597	60,493	925	.955	53,438,003
Community	47,080	44,981	46,031	925	.949	40,407,162
Total	109,470	103,578	106,524	925	.952	93,845,165

Table VI Full-Time Undergraduate Tuition Revenue

Division	H_{fall}	H_{spring}	$\bar{H}$	t	c	R($m)
1976-77						
Senior						
lower	38,996	35,717	37,356	775	n/a	28.9*
upper	29,434	29,916	29,675	925	n/a	27.4*
Community	41,882	41,692	41,787	775	n/a	32.4*
Total	110,312	107,325	108,818			88.7*
1977-78						
Senior						
lower	38,457	34,026	36,241	775	96.8	27.2
upper	28,999	29,855	29,427	925	96.8	26.3
Community	48,217	44,660	46,439	775	97.1	34.9
Total	115,673	108,541	112,107			88.4
1978-79						
Senior						
lower	37,137	33,675	35,406	775	96.4	26.4
upper	26,861	27,094	26,977	925	96.4	24.0
Community	46,343	45,244	43,794	775	n/a	33.9*
Total	110,341	106,013	108,177			84.3

*Assumes 100% collection

THE STUDENT FINANCIAL AID PROCESS

A student seeking financial aid at CUNY has as his or her first stop the campus financial aid office. With the help of financial aid officers, the student pursues three avenues of assistance.

First, a student fills out a TAP application which is sent to UAPC for processing.

Second, the student is assisted in completing a BEOG application which he or she submits directly to the federally contracted processing center.

Third, the CUNY Student Aid Form (CSAF) which is used to determine eligibility for the three campus-based aid programs (NDSL, CWS, SEOG) is filled out and sent to UAPC.

These three processes are initiated simultaneously. However, a student is neither required to, nor discouraged from filing any or all of these applications.

The CSAF leads to a need analysis which guides the financial aid officer in establishing a budget for the student. It requires documentation. The budget developed for the student takes into account such items as expected family contribution, tuition, books, fees, rent, transportation, meals and other personal expenses.

Once the CSAF, BEOG and TAP applications have been processed and actual or estimated payments are known, "packaging" occurs. As the term applies, the financial aid office combines the awards from BEOG. TAP, the campus-based programs and other resources to meet the student's budgeted need.

An award notice is then sent to the student who signs and returns it. After that, checks are generated for the campus-based programs, special programs and BEOG, through the Student Financial Aid (SFA) system within University Accounting.

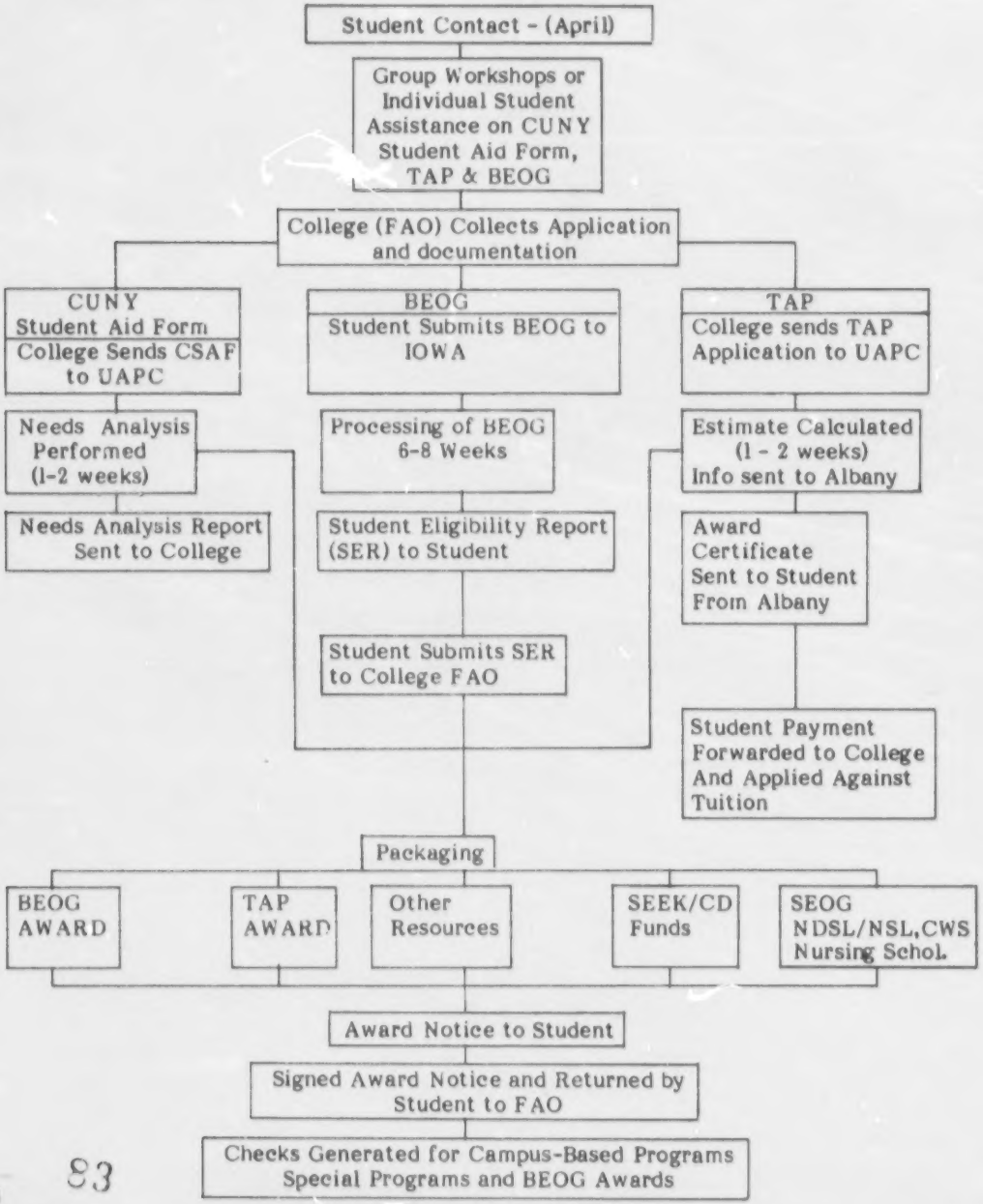
TAP awards take the form of payments sent directly to the college which applies it against tuition.

Chart III illustrates the process.

As one may well imagine, there is considerable expense involved in terms both of actual awards made and the administrative expenses of making them and keeping track of them. In 1979-80 CUNY students had more than $200 million available in financial aid programs.

Some of these costs would exist with or without tuition - others are solely or mainly the result of tuition. In the following chapter we examine these costs.

Chart III Flow Chart of Financial Aid Process


Student Contact - (April)
Group Workshops or Individual Student Assistance on CUNY Student Aid Form, TAP & BEOG
College (FAO) Collects Application and documentation
CUNY
Student Aid Form
College Sends CSAF to UAPC
BEOG
Student Submits BEOG to IOWA
TAP
College sends TAP Application to UAPC
Needs Analysis Performed (1-2 weeks)
Processing of BEOG 6-8 Weeks
Estimate Calculated (1 - 2 weeks) Info sent to Albany
Needs Analysis Report Sent to College
Student Eligibility Report (SER) to Student
Award Certificate Sent to Student From Albany
Student Submits SER to College FAO
Student Payment Forwarded to College And Applied Against Tuition
Packaging
BEOG AWARD
TAP AWARD
Other Resources
SEEK/CD Funds
SEOG NDSL/NSL,CWS Nursing Schol.
Award Notice to Student
Signed Award Notice and Returned by Student to FAO
Checks Generated for Campus-Based Programs Special Programs and BEOG Awards

Source: Office of Student Financial Aid, October 1979

COST ANALYSIS

BEOG Expenditures

Of all the different student assistance programs, the federal Basic Educational Opportunity Grant (also know as Pell grants) is the largest.

BEOG is an entitlement program available to full and part-time students alike. The exact size of the award is based on two factors: "cost of attendance" and "student eligibility index."

Cost of attendance is broken down into two components. First there is the "base" cost of attendance. For CUNY this has been $1500 since before the imposition of tuition. On top of the "base" is added tuition and fees for the particular institution. Tuition at CUNY is $925 and although fees vary among colleges, the total cost of attendance for most students falls in the $2450 to $2499 range.

The student eligibility index is computed for each student using a lengthy formula that accounts for such things as family income and dependent status but makes no direct mention of tuition. Tuition is factored into the other component, "cost of attendance."

From this formula an index of anywhere from 0 to 1601+ is obtained. The lower the index, the higher the award. By matching the student's index with the institution's cost of attendance one obtains the student's award. Table VII shows the payment schedule for full-time undergraduates for the 1979-80 academic year. BEOG will award a maximum of one half the cost of attendance.

Running down the left-hand column we come across the cost of attendance for CUNY which is in the range of $2450 - 2499. To determine the proper award for any CUNY student we move horizontally until we come to the box for the range in which the student's computed index falls. A student with an index of 420 for example, would be entitled to an award of $1238 (the maximum) for the year. Note that a student with an index of 1601 or higher for 1979-80 is ineligible for an award.

The question arises as to how much of the award is the result of tuition? Well, CUNY students were receiving BEOG before tuition came along and would be receiving it today with or without tuition. The difference is that now the cost of attendance is higher and so the award is higher because of tuition.

Recall that CUNY's base cost of attendance throughout the period since tuition has held steady at $1500. Were it not for tuition CUNY's cost of attendance would be $1500 plus fees which would place it in the $1550 to $1599 range for most students.

Returning to our student with the index of 420 we go to the payment schedule and match his index with the cost of attendance range $1550-1599 and find that his award would have been $788 in the absence of tuition - a difference of $450. In addition, without tuition, eligibility would end at index 1401 instead of 1601 for 1979-80. Therefore anyone with an index of 1401 or higher would have received no award at all if it were not for tuition.

It is now possible to determine, for our 1979-80 test year, the exact BEOG cost attributable to that tuition.

First, we determine the difference between the awards for each index range for the 1550-1599 and 2450-2499 groups of cost of attendance for each year.

Next, we go to the University's historical BEOG files which are maintained in SFA and we aggregate the student indexes for award recipients into the ranges contained on the payment schedules.

The final step is a matter of simple mathematics in which we multiply the number of award recipients in each range by the difference between the awards in the two costs of attendance and add them all up.

This can be represented as:

$$B = \sum_{I=0}^{n} S(A-a)$$

where:

- B = the total BEOG cost solely attributable to tuition
- I = the student eligibility index range
- n = the highest index range for which an award A is made
- S = the number of student award recipients per index range
- A = the award a student gets with tuition in the cost of attendance
- a = the award a student within the same index range would have gotten without tuition in the cost of attendance

In addition, the number of students, S', for whom a=o and A>0, would have gotten no award were it not for tuition. Therefore S'P, where P= the cost of application processing, is another cost of tuition associated with the BEOG program.

As Table VIII reveals, B = $33.0 million in awards that is, $33 million worth of BEOG awards to full-time undergraduates out of a total of $91.9 million is solely attributable to tuition.

Figures provided by the U.S. Department of Education indicate a 1979-80 processing cost per application of $1.66. S' is 1764. S'P therefore is $2928 - a slight cost compared to some of our other numbers, but a cost nonetheless.

TAP Expenditures

Since TAP is an entitlement program for full-time students attending institutions with tuitions of $200 or greater, the statement can be made that if there were no undergraduate tuition at CUNY, there would be no undergraduate TAP.

Although out-of-city residents had been charged tuition prior to 1976-77 and were eligible to receive TAP, the numbers were relatively small and for our purposes can be ignored.

Using data obtained from the New York State Higher Education Services Corporation, Table IX was constructed showing TAP awards and their dollar values since 1974-75.

Referring to our test year of 1979-80 we see that the senior colleges had 51,612 awards at nearly $32 million and the community colleges had 39,195 awards valued at almost $26 million. This gave the

University a total undergraduate TAP level of 90,807 awards for more than $57 million for 1979-80.

One can reasonably say then, that the imposition of full-time undergraduate tuition cost $57.5 million in TAP payments.

In addition to direct payments, however, there are also administrative expenses associated with TAP. One such expense is the reimbursement provided UAPC by HESC to process the CUNY TAP applications.

In 1979-80 HESC established a ceiling of $230,000 for reimbursements. CUNY billed $251,340 for processing 128,758 TAP applications and therefore had to absorb the difference of $21,340.

Another HESC administrative expense first appeared in 1976-77 when the Legislature made a special appropriation of $600,000 for the Corporation to be able to handle the additional load from CUNY coming on board.

In subsequent years those funds became part of the HESC budget base and, while inflation probably pushed this original budget higher, it certainly never decreased below $600,000 and remains today.

We have now identified $90.5 million in BEOG and TAP aid directly attributable to tuition. If one subtracts this amount from the revenue of $93.8, a remainder of $3.3 million is obtained. The implication here is that only $3.3 million in tuition revenue is obtained through sources other than TAP and BEOG (GSL, private scholarships, out-of-pocket, etc.).

This, however, is an incorrect assumption. Because of the non-exclusionary nature of TAP & BEOG award methodologies, not all of the BEOG funds awarded as a result of tuition need to be spent on tuition. The reason for this is that in many cases, a large enough TAP award has been made so that some or all of that component of the BEOG attributable to tuition can be used for other costs of attendance, such as books, meals or transportation (at best BEOG only pays half these costs).

BEOG is a program of student aid intended to take into account the many elements that constitute the cost of attendance. TAP, on the other hand, is pure tuition aid and would not exist in the absence of tuition.

In order to determine exactly how much tuition revenue is coming from sources other than BEOG and TAP, an analysis must be performed to identify those BEOG funds which are attributable to tuition, but which do not have to be spent on tuition because of the TAP grants. This is undertaken in the next section of this chapter.

(In its 1980 plan for the development of postsecondary education the New York State Regents suggests that State financial aid programs should be coordinated with federal programs with respect to application, eligibility, award, length of entitlement and accountability, "so long as such coordination is in the best interests of New York students.")1

There is also the ancillary question of additional future costs. On April 14, 1980, the New York State Board of Regents adopted regulations governing student eligibility for State-supported financial aid,

such as Tuition Assistance Program (TAP) awards and scholarships effective September, 1981. The regulations require institutions of postsecondary education to certify on a term-by-term basis that students are engaged in satisfactory academic progress and program pursuit according to standards approved by the Commissioner of Education. Pursuit of program includes completion of a specified percentage of full-time study each semester and satisfactory academic progress includes credit accumulation and grade point average requirements.

The administrative costs associated with implementation of the regulations were not estimated by the Board of Regents at that time. An assessment of the potential enrollment decline that may occur among students, especially economically and/or educationally disadvantaged students, was not available. An impact study is, however, expected from HESC in the near future.

The impact of the regulations on both educational access and the operating budget of CUNY, is, therefore, currently unknown. However, HESC submitted an amendment to its 1981-82 Budget Request for an additional $275,000 for processing adjustments. A term-by-term review of student financial aid records and academic program achievements will also involve considerable administrative expense at HESC and CUNY.

1 The Regents Statewide Plan for the Development of Postsecondary Education 1980, State Education Department, October 1980, p. 39.

BEOG/TAP Offset to Tuition

In order to determine how much tuition comes into the University from sources other than BEOG and TAP awards, it is necessary to determine how much of the tuition-attributable BEOG money does not have to be spent on tuition.

The previous section explained why this occurs but not why it is vital to know the degree to which it occurs. If we knew how much tuition-attributable BEOG is not spent for tuition, then we would know the true total offset to tuition represented by the combination of TAP and BEOG. And when this total offset to tuition is subtracted from the total tuition revenue, the resulting number represents the amount of money that would be necessary, all other conditions being equal, to provide 100% tuition subsidies to all students who are not currently 100% tuition subsidized by BEOG and/or TAP.

To perform this analysis, we once again consulted the computerized files of SFA. By cross-referencing the BEOG recipients from Table VIII with the TAP file, we were able to determine the amount of TAP that these same students received. What's more, we were able to maintain the breakdown by BEOG Eligibility Index.

We already know how many students are in each index range from Table VIII. By multiplying the number of students by the annual tuition charge of $925 we get the total tuition charges that must be paid by those students.

Next we add together the BEOG tuition-related awards and the TAP awards made to these same students. This represents the total awards attributable to tuition.

By subtracting the tuition charges (what had to be collected) from the total of BEOG and TAP (what was laid out in aid) we arrive at either a positive or negative number. A positive number indicates more aid given than needed for tuition alone. A negative number indicates a shortfall.

Tabel X shows the data. Notice that in the senior college there are positive results up to and including the 451 to 500 index. The total senior college amount comes to $6.2 million.

For the community colleges, the positive results occur through the 501 to 550 index yielding a total of $5.8 million.

For the University, therefore, there is a total of approximately $12 million in tuition-attributable BEOG awards not spent on tuition. We earlier demonstrated that $33 million worth of BEOG is attributable to tuition. If $12 million is not spent on tuition, then $21 million of BEOG is spent on tuition.

This results in a total of $21 million of BEOG and the same $57.5 million of TAP or $78.5 million, as the true tuition offset for 1979-80.[1]

Since tuition revenue was less than $94 million, the amount received from non-BEOG, non-TAP sources was less than $16 million.

In other words all CUNY full-time undergraduate students could be 100% tuition subsidized for an additional expenditure of under $16 million.

[1] NOTE: Students who received BEOG awards accounted for $49.3 million, or 86% of all TAP awards as well.

Table VII Basic Educational Opportunity Grant Full-Time Payment Schedule To Be Used For Determining Scheduled Awards For The 1979-80 Award Period (July 1, 1979 - June 30, 1980) February 1979

FULL TIME COST OF ATTENDANCE	STUDENT ELIGIBILITY INDEX																																				
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200	1201 TO 1250	1251 TO 1300	1301 TO 1350	1351 TO 1400	1401 TO 1450	1451 TO 1500	1501 TO 1550	1551 TO 1600	1601 +
350- 399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400- 449	212	212	212	212	212	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
450- 499	238	238	238	238	238	238	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500- 549	262	262	262	262	262	262	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
550- 599	288	288	288	288	288	288	288	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600- 649	312	312	312	312	312	312	312	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
650- 699	338	338	338	338	338	338	338	338	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700- 749	362	362	362	362	362	362	362	362	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
750- 799	388	388	388	388	388	388	388	388	388	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800- 849	412	412	412	412	412	412	412	412	412	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
850- 899	438	438	438	438	438	438	438	438	438	438	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900- 949	462	462	462	462	462	462	462	462	462	462	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
950- 999	488	488	488	488	488	488	488	488	488	488	488	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000-1049	512	512	512	512	512	512	512	512	512	512	512	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1050-1099	538	538	538	538	538	538	538	538	538	538	538	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100-1149	562	562	562	562	562	562	562	562	562	562	562	562	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1150-1199	588	588	588	588	588	588	588	588	588	588	588	588	588	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200-1249	612	612	612	612	612	612	612	612	612	612	612	612	612	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1250-1299	638	638	638	638	638	638	638	638	638	638	638	638	638	638	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300-1349	662	662	662	662	662	662	662	662	662	662	662	662	662	662	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0
1350-1399	688	688	688	688	688	688	688	688	688	688	688	688	688	688	688	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0
1400-1449	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0
1450-1499	738	738	738	738	738	738	738	738	738	738	738	738	738	738	738	738	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0
1500-1549	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0
1550-1599	788	788	788	788	788	788	788	788	788	788	788	788	788	788	788	788	788	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0	0
1600-1649	812	812	812	812	812	812	812	812	812	812	812	812	812	812	812	812	812	800	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0	0
1650-1699	838	838	838	838	838	838	838	838	838	838	838	838	838	838	838	838	838	838	800	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0	0
1700-1749	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	862	850	800	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0	0
1750-1799	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	850	800	750	700	650	600	550	500	450	400	350	300	250	200	0	0	0	0
1800-1849	912	912	912	912	912	912	912	912	912	912	912	912	912	912	912	912	912	912	912	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0	0	0	0
1850-1899	938	938	938	938	938	938	938	938	938	938	938	938	938	938	938	938	938	938	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0	0	0	0
1900-1949	962	962	962	962	962	962	962	962	962	962	962	962	962	962	962	962	962	962	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0	0	0	0
1950-1999	988	988	988	988	988	988	988	988	988	988	988	988	988	988	988	988	988	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0	0	0	0

Table VII Basic Educational Opportunity Grant Full-Time Payment Schedule To Be Used For Determining Scheduled Awards For The 1979-80 Award Period (July 1, 1979 - June 30, 1980) February 1979

FULL TIME COST OF ATTENDANCE	STUDENT ELIGIBILITY INDEX																																
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200	1201 TO 1250	1251 TO 1300	1301 TO 1350	1351 TO 1400	1401 TO 1450	1451 TO 1500	1501 TO 1550	1551 TO 1600	1601 +
2000-2049	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2050-2099	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1038	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2100-2149	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1062	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2150-2199	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2200-2249	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1112	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2250-2299	1138	1138	1138	1138	1138	1138	1138	1138	1138	1138	1138	1138	1138	1138	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2300-2349	1162	1162	1162	1162	1162	1162	1162	1162	1162	1162	1162	1162	1162	1162	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2350-2399	1188	1188	1188	1188	1188	1188	1188	1188	1188	1188	1188	1188	1188	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2400-2449	1212	1212	1212	1212	1212	1212	1212	1212	1212	1212	1212	1212	1212	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2450-2499	1238	1238	1238	1238	1238	1238	1238	1238	1238	1238	1238	1238	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2500-2549	1262	1262	1262	1262	1262	1262	1262	1262	1262	1262	1262	1262	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2550-2599	1288	1288	1288	1288	1288	1288	1288	1288	1288	1288	1288	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2600-2649	1312	1312	1312	1312	1312	1312	1312	1312	1312	1312	1312	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2650-2699	1338	1338	1338	1338	1338	1338	1338	1338	1338	1338	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2700-2749	1362	1362	1362	1362	1362	1362	1362	1362	1362	1362	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2750-2799	1388	1388	1388	1388	1388	1388	1388	1388	1388	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2800-2849	1412	1412	1412	1412	1412	1412	1412	1412	1412	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2850-2899	1438	1438	1438	1438	1438	1438	1438	1438	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2900-2949	1462	1462	1462	1462	1462	1462	1462	1462	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
2950-2999	1488	1488	1488	1488	1488	1488	1488	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3000-3049	1512	1512	1512	1512	1512	1512	1512	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3050-3099	1538	1538	1538	1538	1538	1538	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3100-3149	1562	1562	1562	1562	1562	1562	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3150-3199	1588	1588	1588	1588	1588	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3200-3249	1612	1612	1612	1612	1612	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3250-3299	1638	1638	1638	1638	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3300-3349	1662	1662	1662	1662	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3350-3399	1688	1688	1688	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3400-3449	1712	1712	1712	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3450-3499	1738	1738	1726	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3500-3549	1762	1762	1726	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3550-3599	1788	1776	1726	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0
3600 +	1800	1776	1726	1676	1626	1576	1526	1476	1426	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	0

Table VIII BEOG Attributable To Tuition 1979-80

STUDENT ELIGIBILITY INDEX - University Total (Undergraduate)

COST OF ATTENDANCE	0 to 0	1 to 50	51 to 100	101 to 150	151 to 200
A 2450-2499	1,238	1,238	1,238	1,238	1,238
a 1550-1599	788	788	788	788	788
A- a Difference	450	450	450	450	450
S Students	43,317	3,150	2,638	2,287	2,179
S(A-a) Cost	19,492,650	1,417,500	1,187,100	1,029,150	980,550

COST OF ATTENDANCE	551 to 600	601 to 650	651 to 700	701 to 750	751 to 800
A 2450-2499	1,226	1,176	1,126	1,076	1,026
a 1550-1599	788	788	788	788	788
A- a Difference	438	388	338	288	238
S Students	1,208	1,124	1,015	953	889
S(A-a) Cost	529,104	436,112	343,070	274,464	211,582

COST OF ATTENDANCE	1151 to 1200	1201 to 1250	1251 to 1300	1301 to 1350	1351 to 1400
A 2450-2499	626	576	526	476	426
a 1550-1599	400	350	300	250	200
A- a Difference	226	226	226	226	226
S Students	576	505	468	432	442
S(A-a) Cost	130,176	114,130	105,768	97,632	99,892

Source: University Accounting-SFA

201 to 250	251 to 300	301 to 350	351 to 400	401 to 450	451 to 500	501 to 550
1,238	1,238	1,238	1,238	1,238	1,238	1,238
788	788	788	788	788	788	788
450	450	450	450	450	450	450
1,972	1,861	1,703	1,541	1,511	1,350	1,262
887,400	837,450	766,350	693,450	679,950	607,500	567,900

801 to 850	851 to 900	901 to 950	951 to 1000	1001 to 1050	1051 to 1100	1101 to 1150
976	926	876	826	776	726	676
750	700	650	600	550	500	450
226	226	226	226	226	226	226
888	816	730	725	619	596	557
200,688	184,416	164,980	163,850	139,894	134,696	125,882

1401 to 1450	1451 to 1500	1501 to 1550	1551 to 1600	1601 + ___	$\sum$
376	326	276	226	0	
0	0	0	0	0	
376	326	276	226	0	
364	385	350	344	321	79,078
136,864	125,510	96,600	77,744	0	33,040,004

Table VIII BEOG Attributable To Tuition 1979-80

STUDENT ELIGIBILITY INDEX - Senior Colleges (Undergraduate)

COST OF ATTENDANCE	0 to 0	1 to 50	51 to 100	101 to 150	151 to 200
A 2450-2499	1,238	1,238	1,238	1,238	1,238
a 1550-1599	788	788	788	788	788
A- a Difference	450	450	450	450	450
S Students	21,924	1,890	1,537	1,364	1,271
S(A-a) Cost	9,865,800	850,500	691,650	613,800	571,950

COST OF ATTENDANCE	551 to 600	601 to 650	651 to 700	701 to 750	751 to 800
A 2450-2499	1,226	1,176	1,126	1,076	1,026
a 1550-1599	788	788	788	788	788
A- a Difference	438	388	338	288	238
S Students	684	652	580	549	519
S(A-a) Cost	299,592	252,976	196,040	158,112	123,522

COST OF ATTENDANCE	1151 to 1200	1201 to 1250	1251 to 1300	1301 to 1350	1351 to 1400
A 2450-2499	626	576	526	476	426
a 1550-1599	400	350	300	250	200
A- a Difference	226	226	226	226	226
S Students	342	280	265	250	268
S(A-a) Cost	77,292	63,280	59,890	56,500	60,568

Source: University Accounting-SFA

201 to 250	251 to 300	301 to 350	351 to 400	401 to 450	451 to 500	501 to 550
1,238	1,238	1,238	1,238	1,238	1,238	1,238
788	788	788	788	788	788	788
450	450	450	450	450	450	450
1,151	1,083	935	886	878	791	697
517,950	487,350	420,750	398,700	395,100	355,950	313,650

801 to 850	851 to 900	901 to 950	951 to 1000	1001 to 1050	1051 to 1100	1101 to 1150
976	926	876	826	776	726	676
750	700	650	600	550	500	450
226	226	226	226	226	226	226
523	493	411	411	356	335	312
118,198	111,418	92,886	92,886	80,456	75,710	70,512

1401 to 1450	1451 to 1500	1501 to 1550	1551 to 1600	1601 +	Σ
376	326	276	226	0	
0	0	0	0	0	
376	326	276	226	0	
216	219	229	188	112	42,601
81,216	71,394	63,204	42,488	0	17,731,290

Table VIII BEOG Attributable To Tuition 1979-80

STUDENT ELIGIBILITY INDEX - Community Colleges (Undergraduate)

COST OF ATTENDANCE	0 to 0	1 to 50	51 to 100	101 to 150	[illegible] to 200
A 2450-2499	1,238	1,238	1,238	1,238	1,238
a 1550-1599	788	788	788	788	788
A- a Difference	450	450	450	450	450
S Students	21,393	1,260	1,101	923	908
S(A-a) Cost	9,626,850	567,000	495,450	415,350	408,600

COST OF ATTENDANCE	551 to 600	601 to 650	651 to 700	701 to 750	751 to 800
A 2450-2499	1,226	1,176	1,126	1,076	1,026
a 1550-1599	788	788	788	788	788
A- a Difference	438	388	338	288	238
S Students	524	472	435	404	370
S(A-a) Cost	229,512	183,136	147,030	116,352	88,060

COST OF ATTENDANCE	1151 to 1200	1201 to 1250	1251 to 1300	1301 to 1350	1351 to 1400
A 2450-2499	626	576	526	476	426
a 1550-1599	400	350	300	250	200
A- a Difference	226	226	226	226	226
S Students	234	225	203	182	174
S(A-a) Cost	52,884	50,850	45,878	41,132	39,324

Source: University Accounting-SFA 99

201 to 250	251 to 300	301 to 350	351 to 400	401 to 450	451 to 500	501 to 550
1,238	1,238	1,238	1,238	1,238	1,238	1,238
788	788	788	788	788	788	788
450	450	450	450	450	450	450
821	778	768	655	633	559	565
369,450	350,100	345,600	294,750	284,850	251,550	254,250

801 to 850	851 to 900	901 to 950	951 to 1000	1001 to 1050	1051 to 1100	1101 to 1150
976	926	876	826	776	726	676
750	700	650	600	550	500	450
226	226	226	226	226	226	226
365	323	319	314	263	261	245
82,490	72,998	72,094	70,964	59,438	58,986	55,370

1401 to 1450	1451 to 1500	1501 to 1550	1551 to 1600	1601 + ___	$\sum$
376	326	276	226	0	
0	0	0	0	0	
376	326	276	226	0	
148	166	121	156	209	36,477
55,648	54,116	33,396	35,256	0	15,308,714

Table IX CUNY Undergraduate TAP
($000's)

	Senior		Community		Total	
	Awards	Dollars	Awards	Dollars	Awards	Dollars
1974-75	1,269	457	185	44	1,954	501
1975-76	1,138	409	262	92	1,400	501
1976-77	66,307	28,713	43,357	19,368	109,664	48,081
1977-78	57,540	33,680	39,824	21,167	97,364	54,847
1978-79	54,603	29,068	36,133	20,375	90,736	49,443
1979-80	51,612	31,639	39,195	25,830	90,807	57,469

Source: New York State Higher Education Services Corporation

Table X BEOG/TAP Offset to Tuition
1979-80
Senior Colleges

BEOG Student Eligibility Index

	0 to 0	1 to 50	51 to 100	101 to 150	151 to 200	201 to 250
Students	21,924	1,890	1,537	1,364	1,271	1,151
BEOG Awards-a	9,865,900	850,500	691,650	613,800	571,950	517,950
TAP Awards	15,091,254	1,307,300	1,034,122	869,032	778,126	688,000
(Tuition Charges)-b	(20,279,700)	(1,748,250)	(1,421,725)	(1,261,700)	(1,175,675)	(1,064,675)
BEOG not spent on Tuition	4,677,454	409,550	304,347	221,132	174,401	141,275

	251 to 300	301 to 350	351 to 400	401 to 450	451 to 500	501 to 550
Students	1,083	935	886	878	791	697
BEOG Awards-a	487,350	420,750	398,700	395,100	355,950	313,650
TAP Awards	617,890	515,967	464,698	461,379	399,087	321,332
(Tuition Charges)-b	(1,001,775)	(864,875)	(819,550)	(812,150)	(731,675)	(644,725)
BEOG not spent on Tuition	103,465	71,842	43,848	44,329	23,362	(9,742)

Total BEOG Not spent on Tuition : $6,215,005

a. Tuition-related portion only

b. $925 X Students

Table X BEOG/TAP Offset to Tuition
1979-80
Community Colleges

BEOG Student Eligibility Index

	0 to 0	1 to 50	51 to 100	101 to 150	151 to 200	201 to 250	
Students	21,393	1,260	1,101	923	908	821	
BEOG Awards-a	9,626,850	567,000	495,450	415,350	408,600	369,450	
TAP Awards	14,999,436	846,488	734,502	576,249	551,241	483,489	
(Tuition Charges)-b	(19,788,525)	(1,165,500)	(1,018,425)	(853,775)	(839,900)	(759,425)	
BEOG not spent on Tuition	4,837,761	247,988	211,527	137,824	119,941	93,514	
	251 to 300	301 to 350	351 to 400	401 to 450	451 to 500	501 to 550	551 to 600
Students	778	768	655	633	559	565	524
BEOG Awards-a	350,100	345,600	294,750	284,850	251,550	254,250	229,512
TAP Awards	442,128	427,600	349,382	312,611	269,477	275,635	248,584
(Tuition Charges)-b	(719,650)	(710,400)	(605,875)	(585,525)	(517,075)	(522,625)	(484,700)
BEOG not spent on Tuition	72,578	62,800	38,257	11,936	3,952	7,260	(6,604)

Total BEOG Not spent on Tuition : $5,845,338

a. Tuition-related portion only

b. $925 X Students

GSL Expenditures

When one looks at the figures there can be no doubt that the imposition of tuition had a dramatic impact in the area of Guaranteed Student Loans.

For one thing, while total University enrollment was dropping, participation in GSL was ballooning. In 1975-76, a total of 7,466 loans were taken by undergraduates at a total dollar value of $10.8 million. (See Table XI). By 1979-80, however, the numbers had swelled to 17,124 loans for $23.0 million. Both the numbers and the dollars had more than doubled in four years.

While it is beyond the scope of this survey to determine on a student by student basis the reason for taking out a GSL, one would suspect the dramatic growth in the program had a strong link to the imposition of tuition. We will, therefore, proceed on the assumption that the 9,658 additional loans taken out in 1979-80 (when compared to 1975-76) at $12.2 million were tuition-related.

However, this in and of itself is not a "cost" since loans are theoretically paid back - with interest. But as we shall examine, this is not always the case.

First of all, while attending school, and for nine months after leaving (for whatever reason), a student with a loan received a total interest subsidy from the federal government. What that means is that the lenders are collecting 7% a year on outstanding principal from the government (in 1979-80 terms) which, on $12.2 million, amounts to more than $850,000 annually.

If we assume an average maturity of three years for loans to community college students (2 years attendance plus 9-month grace period) and five years for senior college students (4 years attendance plus 9-month grace period), then the interest subsidy on the $12.1 million will come to more than $3.5 million.

Table XII shows the derivation. (In addition to loan subsidies, the federal government provides a "special allowance" which is paid to lending institutions to encourage them to provide student loans by providing a competitive rate of return on these loans. Figures on this allowance, however, were not available as of this writing.)

Another aspect of the GSL program which is of major significance, but which again requires wading through muddied waters to analyze, is the whole matter of loan defaults.

One of the difficulties in determing defaults attributable to tuition is that many of the loans taken because of tuition have not yet matured. And those loans taken in 1979-80 will not mature for several years hence.

Besides the absence of track record, there is also the problem of loans taken in different years maturing in the same year and vice versa.

What we can do, however, is examine the historical record on the issue and make some educated projections based on this data.

As of March 31, 1978, CUNY senior colleges had a cumulative default rate of 27.5% and the community colleges 37.1%. This compared to a

State-wide average of 12.1%. The cumulative default rates are calculated by HESC by dividing the cumulative net number of defaulted loans by the cumulative number of matured loans since the program's inception.

Since the cumulative default rates for CUNY have been rising it is reasonable to assume that the default rates in recent years have been higher than 27.5% and 37.1% and lower in earlier years.

However, if we were to use the cumulative default rates as the expected rates for loans issued in 1979-80 (even though they will probably be higher) then we would expect defaults of $1.9 million for the senior colleges and $2.0 million for the community colleges for a total of $3.9 million of defaults on loans taken in response to tuition.

Between interest subsidies and expected defaults on tuition-related loans, then, the 1979-80 GSL program cost, or is going to cost, the federal government at least $7.4 million.

This does not even take into account the "special allowances" or other HESC administrative expenses.

Table XI CUNY Guaranteed Student Loans

	Senior	Community	Total
1979-80 loans	11,318	5,806	17,124
1975-76 loans	5,290	2,176	7,466
Increase	6,028	3,63[illegible]	9,658
1979-80 dollar value ($000)	14,555	8,426	22,981
1975-76 dollar value ($000)	7,678	3,133	10,811
Increase	6,877	5,293	12,170

Table XII CUNY Guaranteed Loan Subsidy Costs 1979-80

	Senior	Community	Total
Tuition-related loans	6,028	3,630	9,658
Dollar value ($000)	6,877	5,293	12,170
Annual interest at 7%	481	371	852
Average maturity years	5	3	
Total subsidized interest	2,405	1,113	3,518

NDSL/CWS/SEOG By the time a student qualifies for an award under any of the federal campus-based programs, he or she has had tuition covered by TAP and BEOG.

This is due mainly to the fact that CUNY is so under-budgeted for these programs in relation to total student need that only the neediest students obtain the awards. And the neediest students have already qualified for the maximum TAP and BEOG amounts.

To give the reader an idea, however, of the sums involved, if we examine 1979-80, we see the NDSL's totalled $5.5 million and SEOG and CWS had $3.8 and $10.1 million available respectively.

In addition to the funds for actual student payments, the federal government provides 4% of the total paid in all three programs for administration.

One also observes that little change has occurred in the NDSL program since tuition was imposed (see Table XIII).

Equally noteworthy is the tremendous default rate of CUNY students in the program. In 1976-77, the default rate, which is a cumulative rate from 1958, stood at 46%. (By 1979-80 that had declined to 20% but this has been due more to the writing off of bad debt than anything else, thereby removing those funds from the calculations.)

Table XIII CUNY NDSL Program

	Recipients	Dollar Value
1975-76	8,295	5,934,694
1976-77	7,720	5,329,980
1977-78	6,648	4,758,464
1978-79	8,424	6,991,318
1979-80	7,975	5,511,112

NDSL's are funded 90% federal money, 10% university matching funds and by repayments of previous loans.

Application Processing Workload - CUNY

A significant cost of doing business since the imposition of tuition revolves around the continuous and routine chore of reviewing and documenting applications for student financial aid.

Such activity requires the time of professional and clerical staff at the college financial aid offices for it is there that the students make their applications for, or seek assistance in completing applications for, BEOG, TAP, GSL the three federal campus-based programs covered by the CSAF, and other programs.

Numerous tasks must be performed by the financial aid staff to help the students obtain the maximum assistance and to adhere to the numerous rules and regulations associated with each program as well as to meet the various reporting requirements.

In his workload study on financial aid, Etienne Aberth, of CUNY's Budget Office, has developed data which indicate the average hours that clerical and professional staff devote to each application in the various programs. His results for his model unit, Brooklyn College, are presented in Table XIV and are based on 1979-80 data.

For now we will only concern ourselves with the initial contact by the staff which occurs in the "Form-Review Documentation" phase.

By analyzing average salaries for professional and clerical staff in the financial aid offices and applying these to Aberth's workload model, we can determine the following:

1) The personnel costs of initial processing of each type of application within financial aid offices and, given the number of applications that would not have been made were it not for tuition, we can also determine

2) The cost in professional and clerical financial aid personnel resulting from the imposition of tuition.

Table XV shows the derivations of average salaries for 1979-80 for professional and clerical personnel in the area of Student Services (which contains the student financial aid offices). As elsewhere, the data are delineated between senior and community colleges. This data comes from the University's budget system.

The figures show average salaries of $20,958 for senior college professionals and $11,589 for senior college clerical staff. For their community college colleagues the average salaries are $21,271 and $10,965 respectively.

One more step remains, however, before we can apply Aberth's workload model - we need to determine the average salaries on an hourly basis.

This can be obtained by dividing the average salary by the yearly hours worked.

$$\bar{S}_h = \frac{\bar{S}}{h}$$

We already know $\bar{S}$ from Table XV. To find h, we must use the following formula:

$$h = 52h_w - h_d l$$

where 52 = weeks in a year

h_w = work hours in a week

h_d = work hours in a day

l = days annual and holiday leave per year

For both professional and clerical, $h_w = 35$ and $h_d = 7$.

For professional staff, $l = 41$ (25 annual and 16 paid holidays) and for clerical $l = 36$ (20 annual for first 7 years and 16 paid holidays).

Plugging the numbers into the formula we get:

$$h_P = 52\ (35) - 7\ (41) = 1533 \text{ hours.}$$

$$h_C = 52\ (35) - 7\ (36) = 1568 \text{ hours.}$$

Therefore, professionals work 1533 hours a year discounting annual leave and paid holidays, and clerical staff of less than 7 years employment work 1568. (After 7 years clerical and professionals equalize.)

Returning to our first formula we can now determine average hourly salary for professionals and clericals. Taking senior colleges first we obtain:

$$S_{hP} = \frac{20,958}{1,533} = 13.67$$

for professionals

$$S_{hC} = \frac{11,589}{1,568} = 7.39$$

for clericals

Turning to community colleges we get:

$$S_{hP} = \frac{21,271}{1,533} = 13.88$$

for professionals

$$S_{hC} = \frac{10,965}{1,568} = 6.99$$

for clericals.

These results are summarized on Table XVI.

We now come to the final step of the workload analysis. Using Aberth's data from Table XIV and the average hourly salaries for professionals and clericals from Table XVI, we can derive item 1) from above, that is, the CUNY personnel costs of initial processing of each type of application:

$$c = \bar{S}_{hP} W_P + \bar{S}_{hC} W_C$$

where c = personnel costs

$\bar{S}_{hP}$ = average professional hourly salary

$\bar{S}_{hC}$ = average clerical hourly salary

W_P = professional workload per application

W_C = clerical workload per application

Let's run through each program, taking senior colleges, then community colleges:

$$c_{BEOG} = 13.67\ (0.5) + 7.39\ (0.1) = 7.57$$

$$c_{TAP} = 13.67\ (0.5) + 7.39\ (0.2) = 8.31$$

$$c_{GSL} = 13.67\ (0.5) + 7.39\ (0.2) = 8.31$$

For community colleges:

c_{BEOG} =13.88 (0.5) + 6.99 (0.1) = 7.64

c_{TAP} =13.88 (0.5) + 6.99 (0.2) = 8.34

c_{GSL} =13.88 (0.5) + 6.99 (0.2) = 8.34

Table XVII summarizes these findings.

We can then move on to item 2) and compute the cost solely attributable to imposition of tuition. By taking the number of applications by program which would not have been made were it not for tuition (see earlier sections) and multiplying each by their computed workload cost (Table XVII), we obtain part of the workload "cost" of tuition. Table XVIII shows the results.

Of course we have only considered full-time personnel costs. We have not even discussed hourly personnel who are hired in large numbers, particularly during registration, many of whom are assigned to financial aid functions.

Nor have we costed out personnel energies spent on financial aid functions beyond initial application such as validation and corrections, file correction, repackaging, etc. These activities make the costs even greater. We can see, however, that the workload cost for Form Review/Documentation on excess BEOG, TAP and GSL applications is nearly $850,000.

Table XIV Financial Aid - Work Load Analysis Chart

Program	Number Student Applications[1]	Form Review-Documentation			
		%	Units	Hours/Unit Prof.	Cler.
BEOG	8,383	100	8,383	0.5	0.1
TAP	12,569	75	9,000	0.5	0.2
CSAF	4,960	100	4,960	2.0	0.5
CWS	1,581				
SEOG	709				
NDSL	1,161				
GSL	2,500	100	2,500	0.5	0.2
SEEK	1,283				
OTHER (HRA Validation Graduate Programs ETC.)					

1. Based on 1979/80 UAPC Figures. Numbers are for Brooklyn College.

Source: Financial Aid - Work Model Study, 1980

Table XV Student Services Average Salaries (Annual)
1979-80

College	PROFESSIONAL Salaries	Positions	Average	CLERICAL Salaries	Positions	Average
Senior						
Brooklyn	1,142,038	52	21,962	872,830	75	11,638
City	637,060	32	19,908	598,659	51	11,738
Hunter	1,015,094	53	19,153	472,723	39	12,121
Queens	680,583	34	20,017	619,163	53	11,682
Baruch	927,232	43	21,564	579,429	55	10,535
John Jay	607,341	29	20,943	211,941	19	11,155
Lehman	723,282	31	23,332	478,083	40	11,952
York	407,995	19	21,473	223,172	18	12,398
Total Senior	6,140,625	293	20,958	4,056,000	350	11,589
Community						
Evers	431,000	22	19,585	233,000	21	11,094
New York City	915,000	42	21,785	413,000	40	10,336
Staten Island	752,000	35	21,497	374,000	33	11,336
Bronx	691,000	31	22,303	294,000	27	10,872
Queensboro	745,000	35	21,288	379,000	33	11,499
Kingsboro	689,000	31	22,210	303,000	27	11,240
Manhattan	698,000	31	22,514	294,000	27	10,872
Hostos	479,000	22	21,753	215,000	21	10,224
LaGuardia	556,000	31	17,922	302,000	27	11,183
Total Community	5,956,000	280	21,271	2,807,000	256	10,965

Source: CUNY budget system for senior colleges;
1979-80 allocation for community colleges (made to nearest thousand).

Table XVI Student Services Average Salaries (Hourly)
1979-80

	PROFESSIONAL			CLERICAL		
	Annual Hours h	Annual Average Salary S	Average Salary Salary S	Annual Hours h	Annual Average Salary S	Average Hourly Salary S
Senior	1,533	20,958	13.67	1,568	11,589	7.39
Community	1,533	21,271	13.88	1,568	10,965	6.99

Table XVII **Professional and Clerical Financial Aid Personnel Costs Of Initial Processing of Financial Aid Applications By Type of Aid 1979-80**

Program	Senior	Community
BEOG	7.57	7.64
TAP	8.31	8.34
GSL	8.31	8.34

Table XVIII Workload Cost of Tuition

Program	Excess Applications		Workload Costs		Excess Costs		($000)
	Senior	Community	Senior	Community	Senior	Community	Total
BEOG	964	800	7.57	7.64	7	6	13
TAP	51,612	39,195	8.31	8.34	429	327	756
GSL	6,028	3,630	8.31	8.34	50	30	80
Total	58,604	43,625			486	363	849

HYPOTHESIS TESTING

In terms of the overall picture, taking into account all funding sources, the imposition of tuition is a cost ineffective policy.

In the chapter on Tuition Revenue, it was demonstrated that the total additional full-time undergraduate revenue generated by tuition for our test year was $82.7 million.

Our analysis, summarized on Table XIX clearly shows that the costs of generating that tuition were greater than the tuition itself. In fact, for every additional dollar generated in tuition, at least $1.20 was spent to get it.

And the analysis only contains those items which were large enough to have significant impact or those items for which data were available.

Some items not considered in the analysis, which would have brought the cost up even higher are:

- Personnel in financial aid offices for work beyond the initial Form Review-Documentation stage.
- Part-time personnel
- OTPS requirements associated with financial aid
- Computer equipment purchases, leases and maintenance
- Federal monitoring of programs
- Foregone interest from defaulted loans
- Federal special allowances to lenders
- Loss of State aid due to student attrition or non-enrollment
- CUNY Central Office of Student Financial Aid costs
- HESC, UAPC and SFA functions not analyzed such as HESC program audits

- Fraud
- Collections and bad debt

"Free Tuition" Could Be Reestablished at Moderate Cost.

For 1979-80 total tuition receipts amounted to $93.8 million. In that same year, direct aid to offset tuition came to $57.5 million for TAP and $33.0 million for BEOG.

We know, and have so indicated, that not all tuition - attributable BEOG is spent on tuition. SFA records allow us to determine precisely how much this comes to. Knowing this, we are then able to calculate the exact amount of tuition that students lay out using their own resources or resources other than direct grants from BEOG or TAP.

We have shown that $12 million of the tuition-attributable BEOG awards is not needed for tuition. This leaves $21 million in BEOG spent on tuition. The implication in this, then, is that BEOG and TAP awards contribute $78.5 million towards total tuition revenues leaving the student to come up with another $16 million.

If the present aid programs continued as currently structured and funded, and CUNY students continued to participate at their 1979-80 levels, then "free tuition" could in effect be re-established by finding an alternative source for the $16 million.

What, however, would be the cost of following the recommendations of Sloan and Carnegie that the first two years of public education be free? Certainly less than $16 million. Let us examine this briefly.

The tuition yield for 1979-80 for community colleges is $40.4 million. Enrollment in the senior colleges is split 60/40 between lower and upper division students. This gives a senior college lower division tuition of .6 x $53.4 million or $32.0 million. The total for all lower division therefore comes to $72.4 million.

Community college TAP is $25.8 million and community college BEOG spent on tuition is $9.5 million for a total of $35.3 million.

Using the 60/40 split for senior colleges, lower division TAP comes to $19.0 million and BEOG spent on tuition comes to $6.9 million for a total of $25.9 million in the senior colleges.

Thus, the differential in community colleges for tuition not covered by BEOG or TAP is $40.4 million less $35.3 million or $5.1 million. For senior colleges it is $32.0 million less $25.9 million or $6.1 million.

If we were to eliminate the upper division from consideration for "free tuition," then the system could be instituted at a cost of $11.2 million - $5.1 at the community colleges and $6.1 million at the seniors.

SUMMARY

Events which came to a head in the late spring of 1976 forced the City University of New York to institute, for the first time in its history, a tuition charge for full-time resident undergraduate students.

Prior to this change, and in the several years since, there was never a comprehensive evaluation of the financial impact of this policy. The "Cost of Tuition" study was conceived as a response to this lack of information.

We selected the 1979-80 academic year as our test period since this was the most recent year for which actual figures, as opposed to estimates, were available.

First, we determined that total tuition revenue was $93.8 million and that this represented additional revenue of $82.7 million.

Then, we proceeded through a series of analyses in which we established costs for financial aid and various administrative expenses that did not exist prior to tuition. These costs were attributable to several sectors - CUNY, the City, the State and the federal government. We also examined the unaided costs to students.

Throughout the analyses, senior and community colleges were separated to permit more meaningful scrutiny. The results indicated that for $82.7 million in additional revenue to be generated, at least $99 million had to be expended - and if all areas could be precisely analyzed the cost would undoubtedly be millions higher.

The bulk of these costs were borne by the State and federal governments which had to expend $58 and $40 million respectively.

We were able to itemize $.9 million in CUNY expenses resulting from tuition, but there were many other CUNY costs which we could not itemize.

We also showed that the City had reaped a $205 million windfall since 1976-77 and that it will continue to reap an increasing windfall as its commitment to senior colleges declines and inflationary pressures push up what the City would have had to provide had it maintained the same real level of support over the years.

We have seen that under 1979-80 conditions it would take under $16 million to cover tuition charges not otherwise covered by BEOG and TAP, thus establishing de facto free tuition.

We have also seen that the University needs better information management in order to answer critical questions which must be answered before a direction can be set on the issue of tuition and surely on other issues in the future.

Our research has also raised some questions which provide possible paths for additional research on this subject. We know, for example, that enrollment plummeted following the imposition of tuition. It would certainly be of extreme value for CUNY's own benefit, as well as a case study for other institutions to examine, to know to what degree tuition had an effect on this drop.

Other questions include:

- How did tuition affect the full/part-time mix?
- How did tuition affect the ethnic distribution
- How did tuition affect the income distribution
- How were other institutions in New York affected by CUNY tuition?
- What happened to the students who didn't go to CUNY or anywhere else?

Most of these fall under the general heading of the "social costs" of tuition. The answers are vital, though no doubt immensely more difficult to measure than financial costs.

This study is not intended to be the definitive work on the subject but rather an important first step, which hopefully will stimulate discussion and spark further investigations into this and related areas.

Perhaps these questions will never be answered to everyone's satisfaction - but we should never stop trying!

Table XIX Summary of 1979-80 Costs of Tuition by Sector ($000)

	1 Students	2 CUNY	3 City	4 State	5 Federal	Total 2-5
Senior Colleges						
BEOG awards	-	-	-	-	17,731	17,731
BEOG processing	-	7	-	-	2	9
TAP awards	-	-	-	31,639	-	31,639
TAP processing	-	441	-	134-a	-	575
GSL interest subsidy	-	-	-	-	2,405	2,405
GSL processing	-	50	-	-	-	50
GSL defaults	-	-	-	-	1,891	1,891
Unaided	10,283	-	-	-	-	-
Sub-total	10,283	498	-	31,773	22,029	54,300
Community Colleges						
BEOG awards	-	-	-	-	15,309	15,309
BEOG processing	-	6	-	-	1	7
TAP awards	-	-	-	25,830	-	25,830
TAP processing	-	336	-	102[a]	-	438
GSL interest subsidy	-	-	-	-	1,113	1,113
GSL processing	-	30	-	-	-	30
GSL defaults	-	-	-	-	1,964	1,964
Unaided	5,113	-	-	-	-	-
Sub-total	5,113	372	-	25,932	18,387	44,691
TOTAL	15,396	870	-	57,705	40,416	98,991

a. Reimbursement to UAPC split 57% senior, 43% community based on award distribution.

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STUDY SHOWS CUNY TUITION COSTLY: FREE TUITION BETTER INVESTMENT

The elimination of "free tuition" at City University cost more dollars in financial aid and administrative expenditures than the total funds collected from the imposition of tuition charges, according to a study released today by the Committee for Public Higher Education, Inc. (CPHE).

"For every $1.00 collected in tuition revenue, at least $1.20 was expended" said Stanley H. Lowell, CPHE Chairperson and a former Deputy Mayor. The fiscal analysis is the major finding of a report prepared for the CPHE by budget analyst Richard Rothbard on the cost-effectiveness of CUNY's policy of tuition charges for full-time undergraduates, "The Cost of Tuition: A Study of The City University of New York."

"We believe that an appropriation of only $16 million could, in effect, restore the traditional free tuition policy which made City University and its predecessor colleges uniquely able to educate the 'children of the poor'," Lowell said at a press conference held at the Hotel Roosevelt.

"When free tuition was eliminated in 1976 the excuse given - by governmental officials - was that the policy was too costly" explained Lowell. "The study documents the true costs of tuition to the taxpayer by examining tuition-related expenditures at every level: students, City University, the City, the State, and federal government," said Lowell. "The cost of administering

-More-

the tuition bureaucracy, and the increases in financial assistance for eligible students triggered by tuition, are greater than the funds generated from tuition," he stated. Mr. Rothbard explained that $93.8 million was the total revenue collected during the test year of the study (1979-80). $82.7 million of that total represents the additional funds resulting from the imposition of tuition (a $110.00 general fee, generating $11.1 million, had been previously charged at CUNY and would have been continued if tuition charges were not imposed). The new tuition levels triggered a State expenditure of $57.5 million in Tuition Assistance Program (TAP) payments to eligible CUNY students and a federal allocation of $33 million in Basic Educational Opportunity Grants, directly attributable to tuition.

"The State and Federal government therefore had to expend at least $99 million so that $82.7 million could be collected," said Rothbard, who reviewed every financial aid award to CUNY students during the test period. In addition, he determined that $850,000 was expended by CUNY in financial aid personnel workload costs and $600,000 was allocated by the State to the Higher Education Services Corporation for the processing of the University's financial aid applications. Among the other costs examined in the study are Guaranteed Student Loans (GSL) which doubled in numbers and dollar amount since tuition was imposed; and projected interest subsidies and expected defaults on tuition-related loans.

"For the City taxpayer," said Lowell, "the elimination of free tuition was cost-ineffective since the total expenses exceeded the revenue." For the City government, however, the tuition policy was a financial bonanza. According to the study, the City reaped at least a $205 million windfall between 1976-77 and 1979-80 since the tuition revenue was used as a substitute for City aid.

The CPHE is recommending the restoration of a "free tuition" policy for the City University, stated Lowell. "An appropriation of only $16 million could restore the traditional "free tuition" policy which made the City University and its predecessor colleges for a period of 130 years uniquely able to educate 'the children of the poor'. That policy produced the thousands and thousands of graduates who have contributed so much to the City of New York and to the Nation. Since students at the City University are entitled to equal treatment in receipt of both Tuition Assistance Program (TAP) payments and Pell grants, an appropriation of $16 million is all that is needed to make New York City once again unique in accepting its responsibility to make public higher education available to all," he stated. "Free tuition

could be reestablished at this moderate cost, by the identification of that portion of student tuition payments not covered by TAP or BEOG (now called PELL grants), and the establishment of a Fund for the Remittance of Educational Expenses (FREE) by the City (and/or the State) to subsidize payments," Lowell said. "This recommendation," said Lowell "would be contingent upon the maintenance of the PELL grant program and TAP at present levels to which CUNY students are entitled." If PELL grants were held stable, the study maintains that an appropriation of $16 million University-wide would cover all tuition charges on full-time undergraduates that are not otherwise reimbursed through PELL or TAP.

The study was conducted by Mr. Rothbard under the supervision of a Tuition Study Committee, consisting of nine higher education experts and community leaders: Mrs. Hadassah Gold, past President and Treasurer, Hunter College Alumni Association and Chairperson of the Study Committee; Dr. Herbert Bienstock, former Commissioner of the Bureau of Labor Statistics of the United States Regional Office in New York City; Dr. Cecil R. Forster, former Chairperson, Education Committee of One Hundred Black Men; Dr. Irving Ladimer, Director, American Arbitration Association Research Institute; Mr. Brian A. Kanzaki, student, New York Law School; Dr. Lawrence Podell, Professor, Baruch College; and Mr. Leonard J. Shine, Research Director, Foundation for Youth Involvement. The production and publication of the study were made possible through the support of the Community Service Society and contributions from the Professional Staff Congress and University Student Senate.

Mrs. Gold stated, "During the years when many of us fought to maintain the tradition of free tuition in the City University, we were charged with being emotional and exhibiting a knee-jerk reaction when tuition was mentioned. I believe this report shows that reason is on our side and the reflex is in the knees of others."

The Committee for Public Higher Education, Inc. is New York's largest non-profit coalition of alumni, civic, community, educational, labor, parent, and religious organizations dedicated to the enhancement of public colleges and universities. The CPHE engages in research and advocacy on higher education issues and concerns of interest to its membership.

Copies of the report are available at $1.00 per copy. Please write: Committee for Public Higher Education Publications, P.O. 1778, New York, N.Y. 10027.

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